

## **THE ROLE OF PRIVATE UNIVERSITIES IN MEETING DEMAND FOR HIGHER EDUCATION IN KENYA**

**By**

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### **ABSTRACT**

Globally, the confluence of private and social determinants of demand for university education has led to a high overall demand for university places. This is evident in the numbers of those who qualify for university places from especially the secondary level, but also those who demand for continuing education. While public universities have continued to grow, the number of private universities has exploded, with the World Bank noting that private higher education has become the fastest growing segment of higher education worldwide. This paper addresses the crucial role of private universities in meeting demand for higher education in Kenya. The paper offers a historical background of private universities in Kenya and then continues by giving justification for private universities in Kenya. The paper shows how the private sector can play a crucial role in the establishment of private universities to fill the gap left by the government funded universities.

**Key Words:** Higher education, Private universities

### **1. Introduction**

Globally, the confluence of private and social determinants of demand for university education has led to a high overall demand for university places. This is evident in the numbers of those who qualify for university places from especially the secondary level, but also those who demand for continuing education. At a private level, this demand is largely fuelled by expected private benefits, the level of personal and household disposable income, unemployment rates, among other determinants (Psacharopoulos&Woodhall, 1985:113). At a social level, the role of university education in driving development especially in the context of knowledge-based economies and societies has received keen interest by policy-makers in both developed and developing countries as well as from international development agencies (World Bank, 2002).It is also driven by demographic pressures and the need for relevant high-level manpower (World Bank, 2002; 2009).

As a response to this rise in aggregate demand for university education, there are discernible global trends in the supply response (World Bank, 2009; 2002).There has grown a diverse policy and institutional response, as evident in governmental and private sector responses (World Bank, 2002).In policy terms, there has been attempts to rationalise budgetary allocation to the higher

education sector, particularly the university sub-sector. The public sector has been forced to deal with declines in per student expenditures in real terms. Most governments have had also to create a regulatory environment to provide an environment for the operation of other providers. Alongside the traditional universities, there has developed virtual universities, franchise universities, and corporate universities among others.

However, in spite of the phenomenal and rapid growth of university education in both developed and developing countries, the World Bank observes with concern that the enrolment gap especially in the developing world has not been matched by commensurate expansion of university places as well as the non-university sector (World Bank, 2002). As the World Bank observes, the fiscal constraints experienced in the recent past have limited the capacity to expand the public university education system while assuring quality (World Bank, 2002).

In Africa, the university demand-supply scene is even more precarious. A recent World Bank study on tertiary education in Africa notes that even though there are commendable gains in the growth of enrolments in the continent, Africa's Gross Enrolment Ratio (GER) of 4.9 percent remains the lowest in the world when compared to South Asia (10 percent), East Asia (19 percent), and North Africa and the Middle East at (23 percent), partly due to the high rates of population growth. In Sub Saharan Africa, the enrolments are well below the levels necessary to accelerate growth (World Bank, 2009:27).

The report also observes that this recent enrolment in both public and private Universities has occurred in the less expensive 'soft' disciplines rather than in Science and Technology fields (Agriculture, Health, Engineering and Sciences), and that this is unlikely to provide the knowledge and core skills needed if African countries are to boost competitiveness and growth (World Bank, 2009:36). Mwiria et al, (2007) and Abagi et al, (2005) have observed that learning opportunities offered by the private universities in Kenya are rather limited in that none of them offers courses in the sciences, mainly because of the capital costs involved in mounting these programmes.

The global growth of enrolments in university education can be explained by the emergence of a private tertiary education sector. While public universities have continued to grow, the number of private universities has exploded. The World Bank notes that private higher education has become the 'fastest growing segment of higher education worldwide' (World Bank, 2009; McCowan, 2008). Thus, the subject of the establishment of private universities has become an international issue in the recent years (Kitaev 2003; Akpotuand Akpochofo 2009).

## **2. Historical Background of Private Universities in Kenya**

Christian missionaries were at the forefront of the development of Western education in Kenya. The many primary and secondary schools as well as teacher training colleges they established in different parts of the country testify to their untiring efforts (Abagi and Nzomo, 2001). The establishment of university education in Kenya is largely associated with the birth of the Royal Technical College in 1956 and its metamorphosis into the fully-fledged University of Nairobi in 1970. However, a few private institutions of higher learning existed in Kenya before independence, namely, St Paul's Theological College (1903) and Scott Theological College (1962). The first private university was marked by the establishment in Nairobi of a Kenyan campus of the United

States International University in 1970. Subsequently, the Seventh Day Adventists sponsored the creation of the University of East Africa at Baraton (1978); the Catholic University of East Africa, established in Kenya in 1984; among others. These institutions became pioneer private universities in Kenya following the relaxation in the 1990s of the government's hitherto firm grip on the provision of higher education. Registration of these private universities then was under the Ministry of Higher Education.

In 1985, a Commission for Higher Education (CHE) was established through the Higher Education Act (Cap210b of 1986) with a mandate to co-ordinate the development of higher education including long-term planning, programming, budgeting, financing, student enrolment, scholarships, staff and physical development; and accreditation of private universities and post-secondary institutions. However, under Universities Education Act, 2012, CHE's mandate was expanded to include both private and public universities and hence its name changed to Commission for University Education (CUE). CUE is charged with responsibilities among others to accredit universities in Kenya; regulate university education in Kenya; accredit and inspect university programmes in Kenya; and promote quality research and innovation.

### **3. Universities Authorized to Operate in Kenya, 2013**

The higher education fraternity has undergone tremendous transformation in the recent past. Key among them is the enactment of Universities Act No. 42 of 2012 which commenced on 12th December 2012. This brought the establishment, governance and administration of universities under same legal framework. This caused repealing of Acts of Parliament for seven (7) universities which operated under individual Acts. The new law also caused 15 public university constituent colleges operating under Legal Orders to be upgraded to fully-fledged public universities, giving rise to a total of 22 public universities. Another nine (9) public university constituent colleges established in 2011 by a Legal Order under the then Universities' Act (Cap210b of 1986) after requisite verification of academic resources by the Commission for University Education. Currently there are 17 chartered private universities, five private constituent colleges, and 12 private universities operating under Letters of Interim Authority awaiting award of charter by CUE.

The growth of private universities in Kenya has been facilitated by a number of policies instituted by the World Bank. In addition to advocating for greater private participation in financing education, the World Bank in advancing credit assistance to Kenya in 1991 prevailed on government to accept a conditionality that put a ceiling on growth in public university enrolment to no more than 3 percent per annum up to 2017. As a result of this policy a large client base has been created for private universities, as public universities have been unable to absorb all the qualifying candidates. Available figures suggest that rather than increasing enrolment by the three percentage points permitted, the population of students in public universities has actually stagnated (Wandiga, 2001).

### **4. Justification for Private Universities in Kenya**

Since independence, the successive Kenyan governments have placed due emphasis on development of the university education sector due to the pivotal role that it plays in development. In recognition of the critical role that the university sub-sector plays in development, the government in 2006 appointed The Public Universities Inspection Board to seek ways in which the sub-sector could be transformed to play a key role in the development of the knowledge capital economy in a 'highly competitive and rapidly changing global environment' (Republic of Kenya,

2006: xxvii). Further, the Kenya Vision 2030 which is a blueprint meant to catapult the country to a developed status by 2030 singles out two areas where the sub-sector plays an influential role as a 'foundation for socio-economic transformation: Science, Technology and Innovation (STI) and human resource development to provide high-level manpower (Republic of Kenya, 2007:12). The government has placed a prominent role on STI in increasing the competitiveness of the productive sectors. This places the university sub-sector at the centre due to the concentration of highly experienced research staff in these institutions.

The Kenyan government is deeply involved in the provision of education at all levels, i.e. from basic to higher education. Currently, the government is offering Free Primary Education and Free tuition for Day Secondary Education as well as subsidized university education for those students under the regular degree programmes in public universities. The government has also extended loans through the Higher Education Loans Board (HELB) to self-sponsored students in both private and public universities. Twenty percent of the government's total expenditure is channelled to education. Over the years, the university education sub-sector has been receiving less than 2 percent of this allocation apart from 2011/2012 financial year when the allocation increased to 3.2 percent. Nevertheless, even with this increase of 3.2 percent, as a percentage of the national budget, university education budgetary allocation remains at less than one (1) percent as shown in Table 1 below.

**Table 1: National Budgetary Allocation to University Education**

Financial Year	National Budget	Budgetary Allocation to Education	% of Budgetary Allocation to Education	Budgetary Allocation to University Education	Budgetary Allocation to University Education as % of Allocation to Education Sector	Budgetary Allocation to University Education as % of National Budget
2008/2009	694165.37	140492.20	20.24	1967.00	1.40	0.28
2009/2010	789360.62	154405.10	19.56	2340.40	1.52	0.30
2010/2011	922563.48	198095.90	21.47	3022.20	1.53	0.33
2011/2012	1165532.13	231279.70	19.84	7404.70	3.20	0.64

(Source: Economic Survey 2012:40, 97,105)

The government acknowledges that it cannot achieve success on the realization of vision 2030 alone and thus its disposition towards developing meaningful partnerships with the private sector. Consequently, the government has spearheaded the formulation of a Private Sector Development Strategy (PSDS) which provides the general direction and a medium to long-term roadmap for the government to support private sector development. In the education sector, the government strongly encourages private sector partnership especially in the tertiary education sub-sector as articulated in Sessional Paper No. 1 of 2005 on A Policy Framework for Education Training & Research (GOK, 2005) and in the Kenya Education Sector Support Programme (GOK, 2005). This is borne out of the realization that the demand for education, especially at the tertiary level, outstrips supply due to lack of financial resources by the government to provide education to all. The demand for higher education is set to rise as a result of the introduction of free primary education in 2003 and free day

secondary education in 2008. Free primary education has led to rise on demand for secondary education and consequently, free secondary education will lead to higher enrolments, higher retention, completion and graduation rates thereby increasing the demand for higher education. Secondary school completion rates have been rising gradually as shown in Table 2 below.

**Table 2: Trend in Secondary Graduation and transition to public universities in Kenya**

EXAMINATION YEAR	TOTAL NUMBER OF SECONDARY SCHOOL GRADUATES	NO.OF GRADUATES ATTAINING MINIMUM UNIVERSITY ENTRY REQUIREMENTS	NO.OF GRADUATES ATTAINING BELOW MINIMUM UNIVERSITY ENTRY REQUIREMENTS	NO. SELECTED FOR ADMISSION TO PUBLIC UNIVERSITIES	NO. OF QUALIFIED GRADUATES NOT ADMITTED TO PUBLIC UNIVERSITIES	% OF QUALIFIED GRADUATES ADMITTED	% OF QUALIFIED GRADUATES NOT ADMITTED
2002	198,076	42,721	155,355	10,923	31,798	25.57	74.43
2003	207,730	49,870	157,860	10,263	39,607	20.58	79.42
2004	222,519	58,239	164,280	10,632	47,607	18.26	81.74
2005	260,643	68,040	192,603	12,479	55,561	18.34	81.66
2006	243,318	62,853	180,465	16,151	46,702	25.70	74.30
2007	276,193	74,299	201,894	16,629	57,670	22.38	77.62
2008	305,000	72,500	232,500	20,073	52,427	27.69	72.31
2009	337,404	81,048	256,356	24,221	56,827	29.88	70.12
2010	357,488	97,137	260,351	32,648	64,489	33.61	66.39
2011	411,783	119,658	292,025	41,879	77,779	35.00	65.00
2012	436,349	123,704	312,645	53,192	70,512	43.00	57.00

Source: Ministry of Education (MoE), 2013

Table 2 shows that the number of secondary school graduates increased from 198,076 in year 2002 to 436,349 in year 2012 which is 107.89% (percent). Since secondary education is a bridge to tertiary education, then it is inevitable that tertiary institutions will be under increased weight to accommodate the increasing number of secondary school graduates. In fact, the major challenge that has faced the country's higher education sector for the last ten years is its inability to absorb all the qualified secondary school graduates, as shown in Table 2. The transition from secondary to university under the Kenyan government sponsored regular degree programmes is quite low. Over the years (2002 -2011), only less than a half of the qualified students proceed to the university through government sponsorship. This is illustrated in Table 2, in columns six and eight which show the numbers and percentages of qualified graduates who were not admitted under government sponsorship respectively.

In response to this demand scenario, the country has developed an elaborate policy and institutional framework to respond to this demand. Currently, there are 22 public universities and 27 private ones. It is important to note that among the 22 public universities, 15 have been constituent colleges of the seven public universities which were upgraded to university status in the year 2013. These upgraded universities will play an important role in absorbing some of the secondary school graduates but it will take some years before their impact is felt.

Kenya's public universities absorb about 17,000 students annually into their self-sponsored degree programmes whereas, private universities admit about 8,000 students annually. This, however, is a very small fraction considering the high number of qualified students. For instance, in the year 2010 and 2011, about 46,000 and 59,000 qualified students were left out respectively. This could explain the high number of Kenyan students in foreign universities. As was noted by the Public Universities Inspection Board, Kenyan students in foreign universities can support two local universities (GoK, 2006). The country thus loses substantial foreign exchange in maintaining such a large number of students abroad. It is against this background that a case for establishment of private universities is justified.

### 5. Private universities and saving country's foreign exchange

As indicated in Table 3, Kenyan students who secure university places abroad incur substantial expenditure while paying for their university education. It is estimated that the aggregate cost of educating one Kenyan student in United States of America from point of enrolment to graduation is equivalent to educating 18 students from point of enrolment to graduation in a Kenyan public university (Economic Survey, 2004). On the other hand, educating one student in a United Kingdom University is equivalent to educating 20 students in a Kenya public university. For the case of educating one Kenyan student in a Canadian university, it is equivalent to educating 10 students in a Kenyan public university. The implication of this enormous expenditure in the form of foreign exchange in pursuit of university education is that the money could be used to cater for more students in local universities and thus saving on foreign exchange.

**Table 3: Unit Cost for a Kenyan Student in Selected Countries in Universities Abroad**

Country	Unit cost per student per year in KES. (000)	Equivalent No. of students in Kenya Public Universities
USA	2,139.50	18
UK	2,379.10	20
Canada	1,243.90	10
Kenya Public Universities	120	1
Kenya Private Universities	150	1

**Source: Kenya Economic Survey, 2004**

### 6. Conclusion and recommendations

In conclusion, the global expansion of private university education has been brought about by the ever increasing demand of university education. The heavy burden of government expenditure on higher education in both developed and developing nations no doubt necessitated the subject of the establishment of private universities.

Consequently the introduction of free primary education and free day secondary school education in Kenya has led to increased demand for higher education. The absorption capacity of government funded universities is limited thereby leaving out many qualified secondary school graduates. It is in light of this scenario that the private sector can play a crucial role in the establishment of private universities to fill the gap left by the government funded universities.

## 7. Policy Recommendations

1. The government should give tax breaks to entrepreneurs investing in the University sector.
2. The cost of land in Kenya is high; therefore the government being the largest owner of land should provide land for establishment of private universities.
3. The Commission for University Education, in its accreditation process, should ensure that private universities provide courses in Science and Technology fields to boost Science, Technology and Innovation.

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