


Exploring Public-Private Partnerships for Sustainable Growth and Corporate Governance in Kenyan Universities

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Abstract

Kenyan universities are grappling with the dual challenge of achieving sustainable growth amidst financial constraints and ensuring effective corporate governance to meet global standards. Therefore, this study explored Public-Private Partnerships (PPPs) for sustainable growth and corporate governance in Kenyan Universities. The study was guided by Institutional theory and Resource dependence theory. Descriptive research design was utilized in the study. The target populations were 96 top university management staff from 35 Universities in Kenya. Using Yamane's formula, a sample size of 77 respondent was arrived at. Neyman allocation formula was used for sample size distribution. Stratified sampling technique was used to select respondents. Structured questionnaires were used to collect primary data. Content validity and Cronbach's alpha was used to determine validity and reliability of the research instruments. Descriptive (frequencies, percentages, mean and standard deviation) was adopted to analyse collected data. The findings revealed universities uses joint venture partnerships, strategic partnerships, special purpose vehicle arrangement, build - transfer-and-operate and contract PPPs arrangements in the financing of infrastructure projects. Further, the respondents were to a little extent satisfied with use of green building design architecture, conservation of energy practices, conservation and preservation of water as an operational practice in PPPs. Lastly, they were to a moderate extent satisfied with the fact that implementation of operational practices is done with a focus on promoting effective corporate governance in universities in Kenya. Given the respondents' limited satisfaction, there is a need for universities and PPP stakeholders to intensify efforts in incorporating and promoting these sustainable practices. This involves leveraging innovative technologies, strategic partnerships, and rigorous monitoring to ensure that sustainability becomes a central tenet of future PPP initiatives.

Keywords: Public-Private Partnerships, sustainable growth, corporate governance, operational practice, universities

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Introduction

In the pursuit of global sustainable development, the United Nations has outlined 17 Sustainable Development Goals (SDGs) to address various social, economic, and environmental challenges by the year 2030. Goal No. 17, in particular, underscores the significance of fostering partnerships to achieve these ambitious targets. As we approach the critical timeline of 2030, the urgency to implement sustainable practices becomes even more paramount.

Over the past decade, Public-Private Partnerships (PPPs) have gained widespread use, particularly in infrastructure development (Leigland, 2018). Draxler (2012) notes a continued interest in PPPs from diverse stakeholders, including higher education institutions, private sector entities, governments, and non-profit organizations. However, universities, especially in Kenya, are grappling with significant financial pressures, as reported by Ladd et al. (2020). Public universities face reductions in funding from the exchequer, while private universities struggle with inconsistent and inadequate private funding (Kiplangat et al., 2016). This financial strain is exacerbated by austerity measures, impacting budget allocations for the education sector, including higher education.

The consequences of reduced funding are profound, affecting the ability of universities to provide high-quality and affordable education, particularly as they face the challenges of the 21st century (Blumenstyk, 2015). Competition for

students intensifies, leading to a financial dilemma for institutions seeking to minimize tuition increases while improving their infrastructure, technology, and overall student experience.

The global perspective on education recognizes it as a collective good and an inherent right, leading to substantial progress in education worldwide. However, the budget cuts, particularly in developing countries, necessitate alternative financing approaches. The increasing setback prompts developing countries, including those in Africa, to consider Public-Private Partnerships (PPPs) as a viable solution to address budget deficits and ensure sustainable growth (Kendagor, J2023).

Kenya, with its 68 accredited universities, faces similar challenges (Kabui, 2018). Universities, as higher learning institutions, play a pivotal role in imparting knowledge, conducting impactful research, and contributing to national development goals (Gandhi, 2014). The pressure to upgrade infrastructure, adopt modern technologies, and enhance overall facilities further underscores the need for consistent and affordable financing.

The concept of sustainable development, introduced by the Brundtland Report in 1987 (Jeronen, 2020). Sustainable growth and development, as articulated by FAO (2023), require attention to critical aspects such as protecting the planet's biodiversity, eliminating poverty, ensuring prosperity for all, promoting peaceful coexistence,

and fostering global partnerships. To achieve sustainable and positive growth, universities, especially those aspiring to be World-Class, must attract PPP investments. Critical infrastructure, including green buildings, modern libraries, sports facilities, and health centers, becomes essential for creating an appealing environment for both students and investors. In this pursuit, the alignment of these partnerships with principles of corporate governance becomes integral to ensuring responsible decision-making, accountability, and ethical management practices. As universities undertake diverse projects, ranging from infrastructure development to academic initiatives, the principles of corporate governance guide the responsible management of resources, adherence to ethical standards, and the mitigation of risks. This encompasses robust governance structures, stakeholder engagement mechanisms, and financial oversight to guarantee that projects align with institutional objectives, meet the needs of diverse stakeholders, and contribute to the sustainable growth and development of the university. The study focuses on exploring the potential of PPPs to foster sustainable growth and corporate governance within Kenyan universities.

Theoretical framework

Institutional theory first developed by Meyer, Rowan, DiMaggio and Powell in 1970s, indicates the characteristic of organizations to usually express careful interest of bound behavior for survival purposes (Najeeb, 2014). Ganesh et al. (2020), describe institutions as the rule of the game that shape the human interactions. The broad characteristic of PPP arrangement involves well thought and agreed partnership deed between a public and a private entity which are joined by well stipulated regulatory and contractual terms, thus, making a

requirement of an institutional framework inevitable (Devkar, Palliyaguru & Oyegoke, 2020). The theory is levant to this study as it used to analyze the external environment influencing Kenyan universities and how these institutions respond to institutional pressures in the adoption of PPPs.

Resource Dependence Theory (RDT) is a theoretical framework within the field of organizational studies that examines the interdependence between organizations and their external environment, particularly focusing on the acquisition and management of resources (Celtekliligil, 2020). Developed in the 1970s by Jeffrey Pfeffer and Gerald Salancik, RDT posits that organizations are inherently dependent on external entities for critical resources such as funding, expertise, information, and legitimacy (Adame & Markling, 2018). The theory suggests that the degree of dependence on external sources influences the behavior, decision-making, and survival strategies of organizations. In the context of Kenyan universities engaging in PPPs, understanding the dynamics of resource dependencies, be it financial, technological, or expertise-related, will shed light on the strategies employed for sustainable growth and governance.

Methodology

Research design is the methodical examination of a scientific problem. It is a blueprint or framework that outlines the methods and procedures researchers will use to collect, analyze, and interpret data. A well-developed research design is crucial for ensuring the validity and reliability of the study's findings. The study utilized descriptive research design. Descriptive research design aims to provide a detailed account of a phenomenon or describe the characteristics of a group, situation, or setting. The target populations for this study were 96 top university management

staff from 35 Universities in Kenya. Using Yamane's formula of sample size with an error of 5% and with a confidence coefficient of 95% (Yamane, 1973), the calculated sample size was 77. Neyman allocation formula for the sample size distribution. Structured questionnaires were to collect primary data. Pilot tests was conducted to 10% of the respondents. Content validity of the instrument was ascertained through peer review and scrutiny by research experts, to ensure that the content in the questionnaire will be appropriate and relevant to the study. Cronbach's alpha was used to determine reliability of the research instruments. Descriptive (frequencies, percentages, mean and standard deviation) was adopted to analyse quantitative data.

Results and discussion

Public Private Partnership in financing infrastructure projects

Public Private Partnership (PPP) in financing infrastructure projects is a collaborative arrangement between public and private sector entities to plan, fund, design, implement, operate, and maintain

infrastructure projects. These partnerships leverage the strengths of both sectors to address the challenges of financing and delivering large-scale infrastructure projects. Respondents were asked to rate overall experience with Public Private Partnership in financing infrastructure projects in your university. The response was coded as follow 1- Not at all, 2- To a little extent, 3- To a moderate extent, 4- To a great extent and 5- To a very great extent. The findings are presented in table 1 below. The findings revealed that majority of the respondents agreed to a moderate extent that they are aware that the University have made a decision on the possibility of using any form of Public Private Partnership ($\bar{x}=2.8$, $SD=1.1$). This is in agreement with Tharun and Boeing (2019) who found that PPPs are generally multisectoral and therefore, involve complex negotiations and procurement modalities and thus the resulting discouragement. Also, participants were to a moderate extent aware that the University is currently having ongoing project (s) under Public Private Partnership ($\bar{x}=2.6$, $SD=1.2$).

Table 1: Descriptive statistics for the PPPs in financing infrastructure projects in your university

Statement	Mean (\bar{x})	Standard Deviation
I am aware that the University have made a decision on the possibility of using any form of Public Private Partnership	2.8	1.1
I am aware that the University is currently having ongoing project (s) under Public Private Partnership	2.6	1.2
I am aware that the University is currently evaluating project proposals for potential Public Private Partnership	3.4	1.1
I am aware that the University has completed an infrastructure project under Public Private Partnership	2.9	1.3
I am confident that the University has finalised training needs analysis on Public Private Partnership	3.7	1.1

In addition, majority were to greater extent aware that the University is currently evaluating project proposals for

potential Public Private Partnership ($\bar{x}=3.4$, $SD=1.2$). Furthermore, participants were to a moderate extent aware that the

University has completed an infrastructure project under Public Private Partnership (\bar{x} =2.9, SD=1.3). Lastly, respondents were to the greater extent confident that the University has finalised training needs analysis on Public Private Partnership (\bar{x} =3.7, SD=1.1). This is in concurrent with Kim (2018), who found that PPPs when well executed are in a better position to address the infrastructure needs of institutions of higher learning. This is in agreement with Dolla and Laishram (2019) who found that PPPs though deliberate collaborations between various parties is generally a complex initiative for many organizations. Also, this is in concurrency with Kim (2018), who found that Public-Private Partnerships if well executed help address rising

disparity between clamour and availability of the required social infrastructure and other capital assets and therefore, the need for capacity building.

Type of Public Private Partnership used in financing infrastructure projects in universities in Kenya

PPPs in financing infrastructure projects in universities in Kenya can take various forms, depending on the specific needs and nature of the projects. The response was coded as follow 1- Not at all, 2- To a little extent, 3- To a moderate extent, 4- To a great extent and 5- To a very great extent. The findings are presented in table 2 below.

Table 2: Descriptive statistics for the type of Public Private Partnership used in financing infrastructure projects in Universities in Kenya

Statement	Mean	Standard Deviation
I am aware that the University uses Joint Venture Partnerships in the financing of infrastructure projects	3.5	1.3
I am aware that the University uses Strategic Partnerships in the financing of infrastructure projects	3.1	1.3
I am aware that the University uses Special Purpose Vehicle arrangement as a form of Public Private Partnership	3.6	1.2
I am aware that the University uses Build -Transfer-and- Operate Public Private Partnership arrangements in the financing of infrastructure projects	3.1	1.3
I am aware that the University uses Management Contract Public Private Partnership arrangements in the financing of infrastructure projects	2.8	1.2

According to the results presented above, majority of participant were to a moderate extent aware that the University uses Joint Venture Partnerships (\bar{x} =3.5, SD=1.3), uses Strategic Partnerships in the financing of infrastructure projects (\bar{x} =3.1, SD=1.3), University uses Special Purpose Vehicle arrangement as a form of Public Private Partnership (\bar{x} =3.6, SD=1.2), uses Build -Transfer-and-Operate Public Private Partnership arrangements in the financing

of infrastructure projects (\bar{x} =3.1, SD=1.3) and finally, university uses Management Contract Public Private Partnership arrangements in the financing of infrastructure projects (\bar{x} =2.8, SD=1.2). As per the findings, it goes without saying that strategic partnerships also face various difficulties and the study results are in agreement with Tisiye et al. (2020), who found that alliances of any sought are not all about successful results; they also face

numerous challenges in their implementation that could affect the collaborations between the partners. This study findings indicating that institutions of higher learning generally avoid some complex PPPs types, is in concurrence with Uzunkaya (2017) who found that though PPPs may seem enticing and a go-to-source of project financing, they generally involve complex procurement processes.

Evaluating the adoption of operational practices and their emphasis on advancing sustainable growth

The integration of sustainable practices within university operations can lead to environmental conservation, social responsibility, and economic resilience, aligning with national and global sustainability agendas. This study assessed adoption of operational practices and their emphasis on advancing sustainable growth and results are presented in table 3 below. The response was coded as follow 1- Not at all, 2- To a little extent, 3- To a moderate extent, 4- To a great extent and 5- To a very great extent.

Table 3: Descriptive statistics for the extent of the use of operational practices emphasizing movement toward sustainable growth

Statement	Mean	Standard Deviation
I am satisfied with the institution usage of green building Design Architecture- (on construction & renovations)	2.6	1.1
I am satisfied with the (Energy transition practices) (e.g. use of renewable energy like Solar) being undertaken by my institution	2.5	1.3
I am satisfied with the Conservation of energy practices (e.g. use energy saving bulbs) being undertaken in the institution	3.6	1.7
I am satisfied with the Conservation and preservation of water (e.g. harvesting rain water, use of drip and scheduled irrigation, water recycling etc.)	3.4	1.8
I am confidence with Environmental sustainability Audits carried out in the institution	2.8	1.2
I am satisfied with the Sustainability Reports prepared by the institution	2.4	1.1

Findings indicated that majority of respondent to a little extent were satisfied with the institution usage of green building Design Architecture- (on construction & renovations) ($\bar{x} = 2.6$, $SD = 1.1$). This is in agreement with Ginting (2019), who found that to engage in Green Building Design Architecture as an operational practice an institution cannot just commence the processes; an execution of a well thought and adequately financed mechanism is required. Also, to a little extent were

satisfied with the (Energy transition practices) (e.g. use of renewable energy like Solar) being undertaken by my institution ($\bar{x} = 2.5$, $SD = 1.3$). This is also in agreement with Ginting (2019), who found that to engage in energy transition practices towards renewable energy as an operational practice an institution cannot just commence the processes; an execution of a well thought and adequately financed mechanism is required. Further, they were to a moderate

extent satisfied with the Conservation of energy practices (e.g. use energy saving bulbs) being undertaken in the institution (\bar{x} =3.6, SD=1.7) and also satisfied with the Conservation and preservation of water (e.g. harvesting rain water, use of drip and scheduled irrigation, water recycling etc (\bar{x} =3.4, SD=1.8). This is in concurrency though with a big disparity from the respondents, with Ginting (2019), who found that organizations need to take part in ecological protection in the promotion of inter-generational equity. However, to a little extent they were confidence with Environmental sustainability Audits carried out in the institution (\bar{x} =2.8, SD=1.2) and also to the same extent satisfied with the

Sustainability Reports prepared by the institution (\bar{x} =2.4, SD=1.1).

Assessing the implementation of operational practices with a focus on promoting effective corporate governance in universities in Kenya

This study aims to evaluate the execution of operational practices within universities in Kenya, emphasizing the promotion of effective corporate governance. The response was coded as follow 1- Not at all, 2- To a little extent, 3- To a moderate extent, 4- To a great extent and 5- To a very great extent. Results are presented in table 4 below.

Table 4: Descriptive statistics for the extent of the use of operational practices emphasizing on good corporate governance

Statement	Mean	Standard Deviation
I am satisfied with the fact that the institution encourages stakeholders participation in all project formulation and implementation stages.	2.6	1.4
I am satisfied that the University administration takes the responsibility of being accountable to all stakeholders seriously in whatever, development engagements and arrangements they are involved with	2.5	1.3
I am satisfied that the administration practices equality in dealing with matters affecting all stakeholders with realization that no one is above the law (fairness and rule of law)	2.6	1.2
I am confident with straightforwardness, honesty and sincerity with which matters are decided by the University administration (Transparency in Procurement)	2.8	1.3
I am satisfied that in all contracts between the University and a third party there is always a dispute resolution proviso clearly stipulating steps to be taken by the disputants in the various matters involved.	3.4	1.2
I am satisfied in the promotion of sustainable development and efficacy, I am satisfied with the steps being taken by the University Administration to avoid wastage, misapplication, and misappropriation as it is critical in sustaining inter-generational equity.	2.8	1.2

According to the results presented above, majority of participant were to a moderate extent aware satisfied with the fact that the institution encourages stakeholders participation in all project formulation and implementation stages (\bar{x} =2.6, SD=1.4), satisfied that the University administration takes the responsibility of being accountable to all stakeholders seriously in whatever, development engagements and arrangements they are involved with (\bar{x} =2.5, SD=1.3), confident with straightforwardness, honesty and sincerity with which matters are decided by the University administration (Transparency in Procurement) (\bar{x} =2.6, SD=1.2), confident with straightforwardness, honesty and sincerity with which matters are decided by the University (\bar{x} =2.8, SD=1.3), all contracts between the University and a third party there is always a dispute resolution proviso clearly stipulating steps to be taken by the disputants in the various matters involved (\bar{x} =3.4, SD=1.2). Lastly, to a moderate extent satisfied in the promotion of sustainable development and efficacy, I am satisfied with the steps being taken by the University Administration to avoid wastage, misapplication, and misappropriation as it is critical in sustaining inter-generational equity (\bar{x} =2.8, SD=1.2). The study results are inconsistent with the findings of Younas (2022), who discovered that all stakeholders, including beneficiaries, should be involved in the formulation and execution of PPP projects to achieve the much-anticipated triple win. The study results also contrast with the findings of Karabulut et al. (2020), who identified a positive correlation between accountability and organizational performance. Additionally, the study results are incongruent with the findings of Younas (2022), who concluded that

organizations must embody accountability in their management and operations to be considered as having good corporate governance, as it assists in taking necessary care of all stakeholders' interests. This contradicts Chapple, Ferguson and Kang, (2009), who found that good corporate governance significantly contributes to transparent controls and helps reduce incidents of fraudulent activities.

Conclusion and recommendation

In conclusion, the survey results indicate a moderate level of awareness among the respondents regarding the University's engagement with Public-Private Partnerships (PPPs). While a majority of participants expressed moderate awareness of the University's decision-making on PPPs, ongoing projects, and project evaluation processes, there is room for increased clarity and communication in these areas. Notably, respondents were more confident in the University's completion of a training needs analysis for PPPs, suggesting a positive trajectory in building the necessary expertise. These findings underscore the importance of continuous communication and education on PPP initiatives within the university community to enhance understanding and engagement in the evolving landscape of public-private collaborations. The findings revealed universities uses Joint Venture Partnerships, Strategic Partnerships, Special Purpose Vehicle arrangement, Build -Transfer-and-Operate and Contract Public Private Partnership arrangements in the financing of infrastructure projects. Further, the respondents were to a little extent satisfied with use of green Building Design Architecture, Conservation of energy practices, Conservation and preservation of water as an operational practice in PPPs. Lastly, they were to a moderate extent aware satisfied with the

fact that implementation of operational practices is done with a focus on promoting effective corporate governance in universities in Kenya.

Given the respondents' limited satisfaction, there is a need for universities and PPP stakeholders to intensify efforts in incorporating and promoting these sustainable practices. This involves leveraging innovative technologies, strategic partnerships, and rigorous monitoring to ensure that sustainability becomes a central tenet of future PPP initiatives. Additionally, awareness campaigns emphasizing the symbiotic relationship between sustainability and good governance should be implemented to foster a deeper understanding among the university community. Also, universities should consider developing and implementing comprehensive policies that explicitly outline the incorporation of sustainable practices and corporate governance principles in PPP projects. These policies should serve as guiding frameworks for decision-making, project planning, and execution, ensuring a cohesive and aligned approach to sustainability and governance.

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