PRIVATE FINANCING FOR UNIVERSITY EDUCATION AND IMPLICATIONS ON PARTICIPATION: EVIDENCE FROM KISUMU COUNTY

BY

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ACRONYMS

CDF	Constituency Development Fund
CGB	County Government Bursary
GOK	Government of Kenya
HELB	Higher Education Loans Board
KCSE	Kenya Certificate of Secondary Education
KII	Key Informant Interview
KIHBS	Kenya Integrated Household and Budget Survey
KNBS	Kenya National Bureau of Statistics
Ksh	Kenyan Shillings
MoEST	Ministry of Education Science and Technology
NGO	Nongovernmental organization
ROK	Republic of Kenya
ROSCAs	Rotational Savings and Credit Associations
SID	Society for International Development
SPSS	Statistical Package for Social Sciences
TVET	Technical and Vocational Education and Training

DEDICATION

This book is wholeheartedly dedicated to

My late Grandmother

Lay Canon ***Grace Aloo Owuor*** *(HSC)*

To my beloved parents ***Ruth*** *and* ***Willis***

My dear Husband and Best friend

Eng. ***Ken Owuor***

My siblings ***Beryl****,* ***Pauline*** *and* ***Bill***

My three lovely babies ***Oliver****,* ***Tamara*** *and* ***Jabali.***

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I take full responsibility for any errors, inaccuracies or omissions in this dissertation.

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ABSTRACT

This research project sought to explore the implications of private financing on participation in the university by students from poor households of Ombeyi, Kenya, by finding out the private financing strategies deployed by poor households in financing university education, establishing the determinants of the adoption or non-adoption of particular private financing strategies to finance university education, to determine the relationship between private financing and retention of students from poor households in the university and to establish the role that the government-led financing plays in a students' participation in the university. This study was framed on the theory of access to finance and development and on the household capital structure theory. The study employed a mixed method design, employing both qualitative and quantitative research. The qualitative method involved the use of interview guides administered to key informants while the quantitative technique involved administering questionnaires to household heads. A total of 58 household heads and 7 key informants were interviewed. The findings of this study show that poor households deploy variant private financing models to ensure retention of their children in the university because the government's financial aid does not suffice, but plays an integral role nonetheless. These mechanisms include financial aid from relatives, the selling of productive household assets, loans from both formal and informal institutions, fundraisings or *harambees* and the leasing of their land. Different factors were found to influence particular financing mechanisms including ownership of land for agriculture, supportive relatives, salaries from formal employment that could be used to secure bank loans, the ease of accessing informal loans, and availability of casual jobs especially in the farms and helpful politicians who helped finance students' university education. 87.9% of them were actually in school at the time of study while 12.1% had been sent home over school fees arrears but 100% of the students from the surveyed households were at the time of the study still enrolled in the universities. All the 58 households (100%) acknowledged the vital role of the government aid in financing their children's university education and 91.4% of them said that it would be impossible to afford university educational costs without the government aid. Overall, the poor people from this study, would experience difficulty in investing in human capital and for that reason heavily depend on the government funding. But because the government financing is not sufficient, poor households have to go to great extents and deploy variant private financing strategies to compliment the HELB, CDF and CGB, thereby ensuring retention of their dependents in the university. The researcher recommended equity considerations by the government because even poor families are not homogenous. This will reduce the financing gap and also reduce the financing burden among the poor families and increase students' retention in the universities. Also that financial inclusion of the rural poor should be looked into and that NGOs should consider offering financial assistance to the needy but brilliant students.

CHAPTER ONE

INTRODUCTION

University education is essential in the propulsion of the Kenyan growth engines towards the realization of both short and long term development goals. It is a pillar of development for sustained growth and the primary source of human capital (Mulongo, 2013). Investing in human capital culminates in economic and non-economic benefits which trickle to individuals, families, societies, nations and the globe (UNESCO 2017; UNECA, 2017; the World Bank 2017; GOK, 2015; Browne, 2010; Psacharapoulos & Woodhall, 1985). The future of Kenya, as a nation that's both prosperous and internationally competitive, is depends heavily on her university education system (ROK, 2012)

The returns attached to university education are highest in the entire education system (World Bank, 2017), making its cost particularly expensive (World Bank 2017; UNESCO 2011) thereby instigating the need for heavy investments by all partners (ROK, 2012). Averagely, at the university level, the spending per student is thirty one times more expensive than primary education, six times more expensive than secondary education and twice as expensive as technical, vocational education and training (TVET) education (ROK, 2012).

Traditionally in Kenya, before 1985, university education was a public service provided mainly by the government. It shouldered all its costs, both the direct and ancillary costs. But this over time became difficult for the government (Ngolovoi, 2008) hence the introduction of the cost sharing policy which is also referred to as private financing via sessional paper No. 6 of 1988. This policy brought about a shift of some costs of university education from the government or the taxpayers to philanthropists, parents and students (Johnstone, 2006; Malechwanzi et al., 2016). But the policy curtailed many Kenyan's dream of pursuing university education especially those from poor households because they were unable to bridge the financial gap not paid by the government (Gichuhi 2015).

The government in response to the effects of the cost sharing policy, took measures and came up with two key interventions with large national coverage to finance needy students' university education through a student loan program, run by the Higher Education Loans Board (HELB) and provision of targeted bursaries (HELB, 2016). HELB came about through an Act of

Parliament in 1995 which was charged with five key responsibilities, among them, the disbursement of loans, bursaries and scholarships to needy Kenyan students. According to Otieno (2004) (a), the government gave to the University Students Loans Scheme (USLS) seven goals to achieve, among them, to ensure that the recipients of Higher Education and training meet part of their educational costs but participation levels in university education as highlighted by the GOK, (2015) in the National Education Sector Plan, are comparatively low despite the efforts by the government through funding and the significance of the sub-sector in skills development. University education is financed by public and private funds where private outlays supplement public funding in many developing countries (Vegas et al, 2011). The government is the main financier of university education and this is done mainly through taxation (GOK, 2015) but substantial resources used to finance education come from households, Non-governmental organizations (NGOs), development partners, enterprises, religious institutions and other nonprofit organizations (GOK, 2015; European commission (EC), 2005). The household spending on education is however higher than the other sources of funds (GOK, 2015), it represents a significant share of earnings among poor households discouraging participation in schools (Vegas et al. 2011). This in other words means that the government financing of education is not adequate to cover all costs of university education therefore it is complemented by financial inputs from external partners, households, and private entities. Households are the largest private financier (GOK, 2015; UNESCO, 2011; UNICEF, 2015)

Psacharopoulos & Woodhall, (1985) argue that inequalities in participation mean that the paybacks of university education are disproportionately enjoyed by higher income families whose dependents are so much more likely to enroll in and complete university education while poor families may not be in a position to afford to retain their children in schools, resulting in an increase in dropout rates, poor school performance, absenteeism and repetition. University education therefore instigates social inequality in Kenya because it is highly capitalistic and for that reason, sold to the highest bidder. Students from poor households are the most disadvantaged by the education system (Mulongo, 2013) because their financial positions bar them from raising funds that enable them be retained in school. They as a result, drop out of school and ultimately, do not enjoy the benefits attached to university education. In many developing countries, especially among the poor households, one superficial aspect that hinders retention in university education is 'household income' (Kanoi, 2017; Lin, 2016; Butler, 2016; UNICEF, 2015, Cooper, 2015;

Gichuhi, 2015; Glennerster et al. 2011; Mohamedbhai 2011; Lin 2006; Otieno, 2004). Poverty therefore is seen as the biggest factor behind school dropout which has negative implications on retention. This is corroborated by Acheampong, (2015) asserting that poverty affects the demand for university education because it influences the ability of households to meet costs related to schooling and it is also linked with a high opportunity cost for schooling.

Rural areas have more poor people than urban areas and half of the people in rural areas live below the poverty line compared to one third of those in urban areas. There is a high concentration of those in acute poverty in the rural areas (Alkire et al 2014). Attaining a university education is therefore seen as the surest way for students from poor and rural households to move from lower class in the society, to a higher one (Zhang & Zhou, 2015) and this is because schooling is considered a universal solution to economic problems like unemployment and poverty. It impacts on earnings and occupational status of individuals (Andreou, 2012).

Bellinger & Fletcher (2014) note that government financial aid to education has over the years declined and for that reason encourage private financing strategies in education anchoring it to the fact that they have been successful in the health sector. The development of private financing sources for education has become vital as conventional or traditional sources of finance are under pressure (Wainaina & Mwangi, 2010) this means that the availability of financial assistance from the government aimed at boosting students' participation in education, is not sufficient (Lin 2006). The cost sharing policy or idea of supplementing financial efforts made by the government towards education was supported by the Kamunge report of 1988 triggering a fundamental question: Are the obligatory household schooling payments manageable in relation to household incomes predominantly among low-income households? (Vegas et al. 2011).

Generally, educational indices are seen to decline because of the effects of cost sharing policy (ROK, 1998). It is seen as prohibitive and negatively affects retention because the policy highly stimulates school dropout and negatively affects retention. Retention, according to Purdie and Buckley (2010), is a measure of participation or engagement in schools while Kennedy et al, (2007) define attendance as being present in school and retention as regular attendance over time. This study uses retention therefore as a measure of participation in the university. This is because the focus of the study is on whether private financing promotes regular attendance over time which culminates in university education completion.

1.1 Background to the study

The proportion of population with a secondary education or above in Kenya is 22.8 percent while that of Kisumu county is 25 percent and that of Muhoroni constituency, in Kisumu county is 19.7 percent according to a report by the Kenya National Bureau of Statistics (KNBS) and Society for International Development (SID), (2014). Ombeyi ward of Muhoroni constituency has the lowest proportion in the constituency at 12.1 percent. This is lower than the rural areas' proportion of 15.9 percent and the lowest in Muhoroni constituency (KNBS & SID, 2014). Households in Ombeyi ward according to this report, are generally poor. Using indicators like income, education, cooking and lighting fuel, water and housing (flooring, roofing and walling material), it is evident that poverty levels in this ward are highest in Muhoroni constituency and this consequently, leads to the inability of such households to meet university educational costs and expenses not paid by the government (Kanoi, 2017; Lin, 2016; Butler, 2016; UNICEF, 2015, Cooper, 2015; Gichuhi, 2015; Glennerster et al. 2011; Mohamedbhai 2011; Lin 2006; Otieno, 2004). Lack of adequate finances by poor families who make up the biggest proportion of the population, hinders retention of students from poor households in schools and ultimately drop out of school.

The ministry of education, in the higher education sub-sector provides the needy students with loans, bursaries, grants and scholarships through channels like the HELB loans, constituency development fund aid (CDF), and government scholarships to aid them in meeting their schooling expenses (GOK, 2015) but retention in university education by students from poor households and groups that are socially and economically deprived like Ombeyi ward, is still a huge concern notwithstanding the budgetary financial efforts by the government (Gichuhi, 2015). Poor students are less likely to access university education and it is unfortunate that this level of education which would most benefit the society, receives insufficient public funding (UNICEF, 2015). According to Machika & Johnson (2014) governments use the approach "one size fits all" when offering financial aid to poor students but poor households are not homogenous and for that reason, individual students or households' financial needs should be taken into account when offering financial aid to the students and equity considerations need to be well-thought-out especially for students who hail from rural unprivileged households. Distribution of the government aid is done across the board and this sometimes leaves deserving cases to get less funds than they actually require thus negatively affecting retention in the university (Gichuhi, 2015).

It is important to highlight that financing university education is not primarily based on paying fees but entails direct and ancillary or auxiliary expenses. Financing education therefore means meeting educational costs at all levels, including the capital expenditure and recurrent expenditure (Gesora & Nyakundi, 2014). The cost of education is incurred by either the government or the private sector (Kumar 2004). The private sector includes financing by households or families (private domestic funds), corporates, NGOs, foundations, civil society, high net worth individuals and multilateral and bilateral institutions. The direct costs are fees, library fees, examination fees, laboratory fees and so on whereas the maintenance costs includes expenditure on clothing, transport, boarding, lodging and other sundry expenses or incidental costs of education (Kumar 2004). Households therefore have to fetch more funds to cover the costs of education that are not paid by the government. Empirical evidence from Gichuhi's (2015) and Debrah's (2008) study reveal that household heads deploy their savings, sell their property and possessions like land and livestock. Family members, older siblings and friends support students financially, and parents and guardians also borrow funds from banks and other institutions to ensure their child is retained in the university. This means that households have no much choice but to continue exploring inventive financing methodologies to bear affordability of higher education in order to meet the private demand for education (Gichuhi, 2015). Gichuhi and Debrah's studies reveal to us different financing strategies that are influenced by geographical differences, cultures, familial closeness and financial positions among others.

Participation in university education has more than doubled over the last decade but it is to a large extent restricted to students from wealthy households (UNESCO 2017). According to Sibanda (2008), children living in wealthier households have a low chance of dropping out of school meaning children living in poor households have a low chance of retention in school because their budgetary allocation to education is lower than their counterparts from wealthier households. Some households, especially poor ones, have been unable to raise these funds and this has caused their dependents to fail to be retained in school and eventually drop out of the university.

Empirical literature by Gichuhi, (2015) points to the fact that the public financing of university education is not sufficient to cater for all educational expenses and households have resorted therefore to private financing like community fundraising, selling property to raise money, formal and informal loans, assistance from relatives and so on. Empirical literature reveal that these strategies have had both negative and positive implications on retention in the university. The high cost of university education and the insufficient public financing methods have prompted households to seek alternative or private strategies of financing university education. This has largely remained a challenge and affected the retention of students from poor households in the university. This means that because of lack of enough funds, these students are not able to be retained in school and owing to the fact that no such study has been undertaken before in this area, and the private financing strategies deployed by residents of Ombeyi ward are not known, it is therefore against this background that my research is anchored in the attempt to find out the financing strategies for university education deployed by households in Ombeyi ward, what factors inform the choices of the strategies and the implications of these financing strategies on participation, measured in terms of retention among students from poor households in the university.

1.2 Statement of the research problem

Numerous studies indicate that the cost of university education in Kenya continue to escalate (World Bank, 2017; Gichuhi, 2015; Makenga, 2012). Over the years, university education costs have been rising yet the government financing has not been sufficient to cover all educational costs and seems to be doing little to shield students seeking university education especially from poor households against this ever increasing academic cost. Households are consequently compelled to resort to private financing strategies like bank loans, rotational savings and credit associations (RoSCAs), family and friends, fundraisings, NGOs and so on, to supplement the government financial aid to finance university education. The resultant effect has been that, many deserving students retention in the university is negatively affected leading to them dropping out of school (UNICEF, 2015; Makenga, 2012; Acheampong et al. 2015). World Bank (2017) notes that high drop-out rates and non-completion are common plagues in university education. The government of Kenya through the student’s loans body, HELB, targeted bursaries, CDF, CGB and scholarships, has provided financial assistance to students from poor households. But there is a challenge because the funds are insufficient to cover all academic costs and expenses which include the direct and ancillary costs of education (UNESCO 2011; UNESCO EFA 1998; Gichuhi, 2015).

Ombeyi ward of Muhoroni constituency has the lowest proportion of people with a secondary education or above at 12.1 percent in Muhoroni constituency. This also means that the proportion of those with university education is low and overall poverty levels measured in terms of income, housing, water, fuel, sanitation and education is lowest in this ward according to the KNBS &SID report of 2014. This alludes to the fact that most households in Ombeyi ward are poor. Urban households, especially well-off families are able to allocate more resources to education than the low income households in rural areas that are in most cases, economically disadvantaged (Malechwanzi et al., 2016; Kanoi 2017; UNESCO 2011). So the need for this study emerged from the fact that the government interventions (HELB, CDF and the CGB) are available to the poor and bright students but have not fully helped all students from poor households to be retained in the university or in other words, the government interventions have not entirely eased the financial burden that households have (Gichuhi, 2015; Debrah, 2008). This has resulted in households deploying alternative or private strategies to finance education and these strategies of raising funds, have implications on their retention which influence dropout. My research therefore seeks to interrogate the alternative financing strategies deployed by poor households of Ombeyi ward, what determines the choice of a particular financing strategy and their implications on retention, in university education.

1.3 Research Questions

1.3.1 General research question

What are the implications of private financing on retention of students from poor households in the university?

1.3.2 Specific research questions

1. What are the private education financing strategies deployed by the poor households?
2. What factors influence the adoption or non-adoption of particular private financing strategies for education?
3. What is the relationship between private financing and retention in the university by students from poor households?
4. What role does the government funding play in the financing of university education among poor households of Ombeyi ward?

1.4 Research objective

1.4.1 General research objective

To establish the implications of private education financing on retention in the university of students from poor households.

1.4.2 Specific research objectives

1. To find out the private financing strategies deployed by poor households in financing university education.
2. To establish the determinants of the adoption or non-adoption of specific private financing strategies to finance university education.
3. To determine the relationship between private financing and retention of poor students in the university.
4. To establish the role that government funding plays in financing university education among the poor households of Ombeyi ward.

1.5 Justification of the study

University education acts both as a means and an end to development and is viewed as the primary source of human capital (Mulongo, 2013) and for this reason, policy makers, institutions of university education and the government, need to fully understand the conditions of poverty and challenges faced by poor households whilst participating in university education and the implications of these conditions. This study might have implications for policy and the study findings might provide policy makers in the Government of Kenya with important insights on the crucial factors they need to consider when formulating policies meant to increase retention in university education by students from poor households, especially those from Ombeyi ward. These policies might go a long way in promoting and increasing participation in university education by these students and this ultimately will be an enabling factor for social mobility in these families. Findings from my study will be beneficial to poor households because it will highlight their issues whilst financing university education and this might aid in them receiving interventions from both the government and the private sector. This is owing to the fact that education is seen as a fundamental end in the development process and if the government increases the number of graduates in the country, it benefits both the government and the citizens.

No study has specifically examined the implications of alternative or private financing on university education participation in Kisumu county. So this study is helpful to academicians as it adds to the existing body of knowledge on university educational financing.

1.6 Limitations of the study

This study limited itself to private financing for university education among poor households and the implications on participation in Ombeyi ward, Kisumu County and therefore had a limitation to this location. It may be difficult to replicate or generalize this study to all other households both in the rural and urban areas of the country but it is nonetheless an important step in understanding the private financing in university education and its implications. For a more conclusive result, all households in the country should have been studied, but this was not possible due to logistics constraints such as financial constraints and time.

The study also limited itself to private financing done by the parents or guardians but did not look at the financing done by students, which according to literature is a very important aspect in university financing. The study could not be inclusive of all possible aspects. The research has a limitation of validity and the researcher hopes that the data collected from the household heads was truthful information. The other limitation was on language barrier. Most questionnaires were translated and administered in the local language. The researcher hopes that no information was distorted during this process.

1.7 Operationalization of significant terms

University education

University education is also known as higher education (World Bank 2017; Collins et al 2015; Browne 2010). It refers to academic pursuit undertaken after high school (post-secondary) (GOK, 2015, KNBS, 2018), often pursued in universities, including open universities (World Bank, 2017; Salmi et al., 2006; Browne 2010). University education encompasses institutions that offer higher education or establishments that offer courses that qualifies one to enter into a profession (Kaulisch & Huisman 2007). These include undergraduate and graduate certificates, associates, bachelor's, masters and doctoral degrees. For the purpose of this study, university education was relevant to this study because returns attached to university education are highest in the entire education system. The researcher focused on students undertaking undergraduate courses in both public and private universities in Kenya.

Private financing strategies

These are non-government financing mechanisms that provide money or credit to enable a student to participate in university education. They are resources from the households rather than from the state (Bray, 2002). The education expenditure from the household are also referred to as private funds that supplement public resources that cover education expenditures. This means that they are alternate to conventional or traditional financing options by the government like HELB or scholarships from the national government and bursaries like CDF aid or County Government Bursaries (CGB) from local authorities.

Poor household

A household is the basic unit that was used for data collection in the study. It comprises the household heads and dependents. According to KIHBS 2015/16, a poor household is one whose overall consumption expenditure per person per month is less than Ksh 3,252. The HELB's objective is to give financial aid to needy Kenyan students in institutions of higher learning and the CDF fund caters for educational financial needs of only the very needy students according to the National Government Constituencies Development Fund (NG-CDF, 2013). The households in the study are therefore those that receive the both the HELB loans and CDF funds.

Participation

UNICEF measures participation in school in terms of school attendance (UNESCO institute for statistics (UIS, 2010)). According to Bray (2002), school attendance means students occupying the spaces allocated to them in the schools. Cahalan (2013) measures participation in terms of continuation, retention and completion. Participation according to Purdie & Buckley, means both school attendance and retention. The student attendance is measured in terms of the number of actual full-time equivalent student days they have attended as a percentage of the total number of possible student days while the retention rate is a measure of the progression of students through school that estimates the proportion of students who continue with their studies up to a certain year at school (Purdie & Buckley, 2010). Kennedy et al, (2007) define attendance as being present in school and retention as regular attendance over time. Attendance is therefore short term while retention is a long term measure. For the purpose of this study therefore, participation means retention.

CHAPTER TWO

LITERATURE REVIEW

This chapter reviews both the theoretical and empirical literature. It also expounds on the theoretical framework and conceptual framework and summarizes the literature, identifying the research gaps. The first section reviews existing literature on private education financing strategies and participation. The next section empirically assesses the private financing strategies that households deploy in education, the determinants of deployment of the strategies, the relationship between financing strategies and participation in education and the role of government financing in university education. This is followed by a theoretical framework of the study, and finally expound on the conceptual framework, summarizing the literature and identifying the research gaps.

2.1 Theoretical literature review

A substantial underlying association exists between low university participation and family income, status, rural location and gender too. This happens in virtually all countries (Johnstone, 2003). Education is seen as a human right, and this poses a fundamental question, ‘who should finance it?’ Some authors posit that university education is seen as a right and so, should be financed through taxation (Barr, 2015) but economists, sociologists and educators on the other hand agree that education is not an exclusively private good nor an exclusively public one. This justifies its provision by both the government and the private providers (Otieno, 2004). It is impossible to wholly rely on public university education financing and for this reason, it is necessary to augment it with private financing. It however should be done in ways that do not discourage students from poor households from participating in university education (Barr, 2015).

The provision of credit services to poor rural households is seen as a powerful mechanism to get the poor rural households out of poverty. When access to financial services is increased, it helps in the alleviation of poverty and improves development outcomes by assisting the poor smooth their consumption and diversify household income thereby investing more in human capital like university education. Access to credit significantly increases the ability of households to meet their financial needs such as financing of university education and according to Seyki, households that are able to access credit may be more willing to pursue opportunities like university education (Seyki, 2017).

There is an assumption that the higher the cost-sharing or private financing, the lower the school attendance rate by students from poor households due to affordability, and vice versa (Mbugua, 2009). This simply put, means that rural poor households lack a disposable income to heavily invest in university education as corroborated by Beck & Demirguc-Kunt, (2008) that the lack of access to finance by the poor constrains human capital accumulation (Beck & Demirgüç-Kunt, 2008). Becker & Tomes also confirm that poorer households are constrained financially and this prevents them from investing in the human capital of their offspring (Becker & Tomes, 1962). It is therefore expected that because the poor households have low incomes, meeting university costs not paid by the government, will be a challenge due to affordability. When financial systems like the conventional financing strategies are not all encompassing, like in this case, HELB, the CDF, and the CGB, the poor are forced to rely on personal wealth or internal sources for education and other growth opportunities (World Bank, 2008).

Educational inputs are varied in nature and among all the available inputs, educational expenditure is usually the most important (Zhou & Zhang, 2015). If there is a big difference between the actual cost of education and the government support for the poor, the resultant effect is that the students will drop out implicating negatively on their retention. (Otieno, 2004). A financing framework should therefore ensure the difference is not too wide and appropriate safety nets are put in place to cushion the very needy. Lack of retention results into drop out from schools which is usually a process as opposed to the outcome of one single event. This in other words means that dropout does not have just one proximate cause (Hunt et al, 2008). The nature and measure of household financing towards education demonstrates significant diversity and arises by default rather than by design (Bray, 2007). This means that alternative financing is done in many different ways and households have no option but to supplement the government aid. Private financing can also be used as interventions to enhance the quality of education and help in addressing the issues around educational inequality. Educational disparities among social groups may be worsened by the disparities in household expenditures towards education (Zhang & Zhou, 2017).

In the view of most economists, cost sharing or private financing is much more equitable than free university education because students everywhere are to some extent disproportionately from the middle and upper classes while the taxation that's needed to fund free university education, tends to be proportional if not regressive (Johnstone & Marcucci, 2007). Some authors posit that the relationship between cost sharing or private financing and retention is a negative one as students are sent home over nonpayment of school fees (Penrose 1998). While others like Johnstone (2003), the World Bank (1994), Bellinger & Fletcher (2014) and Holvoet (2004) see the relationship as a positive one. According to Johnstone (2003) cost sharing which causes insufficient funding is positive because it makes students feel the pinch and therefore put much effort in education. It makes students develop a positive attitude towards education and as a result, more meaningful engagements since purely free things are not valued in many instances. Supplementation or private financing of university education is a major recommendation by the World Bank and most development experts as a solution to the increasing underfunding and overcrowding in the universities in the developing world (World Bank, 1994). Private financing strategies in education reduce the financing gap according to Bellinger & Fletcher, (2014) and increase resources for education thereby promoting participation and equitable access to university education. According to Holvoet, 2004, both social-group intermediation and joint financial intermediation, leads to higher educational inputs and outputs especially for girls but according to Bray (2007), educational expenses met by the household are a barrier to schooling especially for poor families. This in other words means that poor families find challenges in trying to raise funds for education.

Psacharopoulos & Woodhall (1985), argue that inequalities in participation mean that the benefits and paybacks of university education are disproportionately enjoyed by higher income families whose children are much more likely to complete secondary schooling and enroll in higher education while poor households or families may not have enough money to retain their children in schools, hence increased dropouts, absenteeism, repetition, and poor performance. Lack of adequate finances by poor families therefore, who make up the biggest proportion of the population, hinders retention of students from poor households in the university and they eventually drop out.

2.2 Empirical literature review

2.2.1 Private financing strategies deployed by households

The right to education is enshrined in chapter four of the Kenyan constitution (GOK, 2010) but the poor are in many cases unable to access this right because of financial difficulties. Most of those who access university education must be willing to contribute in the financing as the government financing is not sufficient. Private financing plays a substantial role in addition to government spending where households, NGOs and development partners also finance education (GOK, 2015). University education instigates social inequality in Kenya because it is highly capitalistic and for that reason, sold to the highest bidder. Students from poor households are therefore most disadvantaged by the education system (Mulongo, 2013), their financial positions bar them from raising funds that enable them be retained in the university. They as a result, drop out of school and ultimately not enjoy the benefits attached to university education

The justification for households bearing part of the high cost of university education is that there are substantial private benefits that are both monetary and non-monetary in nature that accrue to the students, thus justifying a tuition fee. Parents bear a share of these costs based on two rationales: one is that they also benefit from their children's higher education and that those who are financially capable, have an obligation to pay something for their children (Johnstone & Marcucci, 2007). This thought is also shared by the New Zealand taxpayers that bearing some amount of the cost of university, encourages students to pursue qualifications that provide them with the highest expected return on their investment over their lifetime. (New Zealand taxpayers' union, 2017).

Private financing is attributed to the fact that there is an upsurge on the need for university education and this has put a strain on government resources resulting in the need for private financing to supplement the government funding and also, the personal benefits attached to university education justifies why households must bear the costs but this has in turn limited participation by the financially disadvantaged households. The degree of private household expenditure at the university level of education is dependent on the broader government financing policy (Otieno, 2004).

A lot of research on public expenditure on education has been done but there's limited information on private educational expenditure which is important because of the implications it could have on policy decisions towards resource allocation. The determinants of household educational expenditure have been scrutinized by some studies, for example by Ebaidalla, 2017; Tsang & Kidchanapanish, 1992, Brown & Park, 2002; Lokshin & Sawada 1999)

In Africa and other parts of the developing world, unbanked people more often than not, depend on informal financial practices that help them mitigate risks instead of accessing formal financial services (Parada & Bull, 2014, Smith, Brown & Mackie, 2015). The informal financial systems that the poor depend on are family and social networks. Surveys by FSD (2015) and Zollman (2016) reported that credit is still mainly informal in Kenya and people rely on their own savings or on ROSCAs/ chamas to cope with shocks.

Poor households are restricted to internal or informal mechanisms for example, private savings, when faced by shocks of consumption which in this case is the high cost of university education (Paxson, 1992) and according to Rosenzweig & Wolpin, (1993) liquidation of durable or productive assets are strategies such households deploy to raise funds.

In Morduch's, (1994) view, poor households borrow informal loans from neighbors and relatives. Private financing mechanisms deals with assets that are under direct command by the household and the two commonest strategies of internal financing are spending money from savings and liquidating non-financial assets. External financing however, is found more on the credit side of rural financial market. Loans, both formal and informal are forms of incurring debts and major external financing methods (Becker & Bhargava, 1974).

Gichuhi (2015) undertook a study on alternative methods of financing higher education in Kenya. The study took place in Nyeri North and Kieni West involving 50 parents and 100 university students. Her findings revealed that parents sell their possessions, like pieces of land, goats/cows, cars/bicycles and farm produce and that a big number of households were willing to dispose part of the possessions they own so as to educate their children. 100 percent of parents were willing to dispose part of their livestock and 90 percent of them were willing to dispose farm products.

Wang & Moll in 2010 studied education financing of rural households in China. They sought to find out the financing alternatives in children's education among households in rural China. They collected data from a household survey in three poverty villages in Guizhou, China and the difference in household education financing was substantiated through non-parametric testing.

Their findings were that, private financing stood out in financing of educational expenses. They found out that rural households liquidate non-financial assets to be able to finance education. They also revealed that formal loans were negligible and almost absent even in the wealthiest group studied. Their findings implied that when financial services are extended to children's education can motivate parents to invest more in education.

Mobilizing funds for tuition for most students is often difficult. (Nannyonjo et al 2009). The funds do not just come from family and sometimes upto five or even more people that include the immediate and extended family usually chip in financially to help a student make their tuition payments. And in as much as there aren't concrete figures on students who are compelled to abandon their studies due to lack of finances, there is evidence that insinuates that at any given institution, roughly 10 percent of students fail to pay up their tuition fees before examinations and therefore are forced to retake the exams later. It is possible that a number of students can bear higher costs, but it is also true that there is a significant number of students that would have difficulty doing so without assistance (Nannyonjo et al, 2009).

Amatea (2009) asserted that as events touch one member of the family, other family members resonate in accordance to the change or need of the affected member. The individual is consequently supported first by members of the nuclear family, and afterwards, by extended family members, then by the local community, and through the larger regional and national societies. Dadzie (2009) studied cost sharing and equity in higher education, his study adopted a qualitative methodology using structured, semi-structured and open-ended in-depth interviews and collected data from 44 students from the six public universities and three administrators. He sought to find out the available provisions from which students could use social networks to mobilize social capital in accessing higher education and found out that other than government support, the nuclear family, extended family and the community, give financial support to students taking part in higher education.

Loans as highlighted by Bellinger & Fletcher (2014), promote equitable access to university education. Parents borrow loans when university education is available but unaffordable and some parents borrow them when they are struggling to raise or meet education costs. Some households borrow loans from banks to enable them finance university education but access to bank loans in Kenya is associated with employment, gender, locality, age and education (Johnson & Arnold, 2012). These act as a deterrence to accessing bank loans by poor households. Makenga (2012) also found out in his study that some parents finance their dependents university education through borrowing from the banks though at very high interest rates.

Harambee is a Swahili word that means ‘pulling together’. The movement was initiated by Kenya’s first president, the Late Mzee Jomo Kenyatta. This movement picked up later on particularly in the rural areas. Remarkable harambee development projects are found in various fields including the education sector where large sums of money have been collected by communities to send students to college (Noreh, 1988). Money that was pooled together through harambees, was used to send promising students oversees for further education (Mbithi, 1972)

From a global perspective, financial services delivery to the poor has improved in recent years. Formal public and private commercial banks, cooperative banks, rural and development banks and informal institutions like self-help groups and savings and credit associations that have been used by the poor to obtain financial services, have tremendously grown. This growth has brought about innovative and advanced products that have enhanced the livelihood of poor people (World Bank, 2006)

2.2.2 Factors that influence the adoption or non-adoption of financing strategy

From the findings by Gichuhi (2015), it is evident that the household’s possession or assets will to an extent determine whether a student stays in school or not. This is because such a household is able to sell their possessions like land, cows and goats, cars and bicycles and farm products too. This is corroborated by the fact that a big number of households were willing to dispose part of the possessions they own so as to educate their children. 100 percent of parents were willing to dispose part of their livestock and 90 percent of them were willing to dispose farm products.

Nannyonjo et al (2009), Amatea, (2009), Debrah (2008) all agree that the family or kinship ties naturally push relatives to support a member of their family when it comes to education. According to Debrah (2008), some relatives may only help due to a sense of ‘obligation’. This happens especially when the person in need of financial support is their sibling or a person that’s very close to them. Social networks have worked very well for students and relatives from their nuclear, extended and even the community they live in chips in to financially support them.

Availability of assets that households can pledge as collateral is another factor that determines the strategy that a household can deploy in the financing of university education for their members as it enables one access a loan from the bank. Access to bank loans in Kenya is also associated with employment, gender, locality, age and education (Johnson & Arnold, 2012). Gichuhi, in her 2015 study found out that the prohibitive bank interest rate deter households from borrowing loans from banks to finance university education, and if they do, they borrow as a last resort. Though banks are few in the rural areas, those who would wish to borrow loans usually cite absence of collateral as their biggest hindrance, especially women.

The high interest rates are a deterrence to household heads from accessing bank loans. Sometimes the interest rates are as high as 24 percent per annum. This makes the cost of university education too expensive and unattainable by many students hence negatively affecting student's participation in university education. This also leaves the household poorer because of the economic benefits attached to education that they miss out on. The challenge of borrowing loans is that households end up paying more for their education than if they hadn't borrowed the loan which attract interest of as high as 30percent, leading the household into further debt (Bellinger & Fletcher 2014).

The existing constraint of the credit market and also the absence of an insurance market are the reasons for households living in rural areas generally lack access to formal financial services (Zeller & Meyer, 2002). Informal credit sources such as moneylenders, neighbours, relatives, merchants or friends are undependable, unreliable and exorbitant and this is attributed to the fact that formal financial services providers conventionally have considered the poor as unviable market (Sekyi, 2017). Many poor households have inadequate access to formal financial services (Bauchet et al., 2011). The formal credit market lends more to groups of high income while the poor obtain a small share of their loans. The financial market is highly fragmented in many developing countries (Aryeetey & Udry, 1997)

2.2.3 Relationship between private education financing strategies and retention

The study by Abagi and Olweya (1998) concludes that the cost sharing policy or private financing in schools needs to be re-assessed or abolished because it inhibits participation in school by vulnerable groups. This is true because educational indices generally decline because of the effects of cost sharing policy (ROK, 1998, Akwanalo, 1998)

Mbugua (2009) studied the relationship between cost - sharing and access and equity in education in public secondary schools in Nakuru district. Her study adopted a correlational research design. The targeted population was 43,843 students and 125 head teachers in public secondary schools, with an accessible population of 7814 form four students of the 2004 cohort. The sample consisted of 393 students and 10 head teachers selected from 10 schools. She found out that Cost-sharing had a significant relationship with attendance rates of public secondary school students by school category and type.

The importance of loans to household educational financing increases with the increase of education level of children (Wang & Moll, 2010). But lack of collateral deters people from borrowing loans from formal institutions like banks that's why they opt for informal mechanisms like rotational savings and credit associations (RoSCAs) (Varadharajan, 2004). Access to credit is positively related to school participation (Arouri et al, 2014). When credit enters the household, it influences overall monetary budget that ultimately determines children's education (Holvoet, 2004). Children of microfinance clients have a likelihood of going to school and staying in school longer and student dropout rates are much lower (Littlefield et al, 2003). When mothers access credit, they are likely to positively influence their children's participation in schools because they are more likely to participate in a RoSCAs than men (Varadharajan, 2004) and credit allocated to mothers has higher influence on boys' and girls' schooling than credit allocated to fathers (Holvoet, 2004). RoSCAs are savings and borrowing schemes deployed by the poor to access finances and this has promoted the increment in participation in schools where women are shown by studies to be the biggest beneficiaries (Varadharajan, 2004). According to Arouri et al. (2014), microfinance impacts human development through six main complementary instruments namely, education, women's empowerment, social and financial inclusion, income generation, access to services and employment creation and these positively impact on participation in schools.

Cost-sharing influences attendance rate, (Penrose, 1998). She stated that effects of cost-sharing on attendance are significant because reduced attendance rates increases repetition rates and achievement measures. Additionally, there is substantial evidence that points to the fact that attendance rates are negatively affected by cost-sharing because students are sent home over non-payment of fees. Whether expenditure on education total rises as a result of cost-sharing measures or not will depend, among other things, on the relationship between enrolment rates and increased costs. Otieno (2004) observed that low incomes, especially in rural parts of Kenya, made it difficult for students to afford university education and this is attributed to its cost in relation to the earnings of these households which are largely low income earners and a study by Collins et al., (2015), shows how great school expenditures are as a share of household income and total expenses. Rural households commit a significant share of their incomes to paying for education. School fees and related outlays represent an essential expenditure to Kenyans (Collins et al., 2015). UNESCO (2011) also revealed that poor households spend nearly 50 percent of all their income on education.

Ananga (2011) indicated that in Ghana, household income determines whether a child will participate in school or not. This basically means that a child from a poor household with low income will most likely be unable to participate in school. Kabeer (2001) established that among male loanee households the average gross enrollment rates were found to be higher for boys than for girls, while the converse occurred among female loanee households. Findings from Holvoet's study of 2004, indicate that membership in a women's microfinance group which gives credit, strongly effects girl's schooling and literacy while that of boys, is mostly unaffected or unchanged.

Findings by Bellinger & Fletcher, 2014 suggest that loans (formal or informal) taken by parents provides households with access to cash flow they need to finance university education and enables students from poor households participate in university education. Machika and Johnson found out in their 2014 study that students work to raise money towards university education. In this financing strategy however the amount of time taken to work can easily be used to study, while working fatigue makes it very difficult to concentrate. Students who find themselves generally in this predicament are always struggling, because at times they are forced to skip classes to work and this has implications on their school attendance. If the situation gets tougher, chances are high that such students will drop out of school, and not be able to complete university education.

In South Africa, Sekhukhune's findings in 2008 revealed that some students had to terminate their studies because they were unable to pay all their due fees (unpaid by the government). They were unable to find alternative ways to pay their fees and could not receive their results. Yet they needed these results to register for the next academic year. Sekhukhune also found out that numerous poor scholars from low-income households do not have sufficient funds to buy food, and this negatively impacts on their participation. When students live under an amalgamation of such factors, it becomes very difficult for them to support themselves and this in turn causes a great deal of psychological distress in turn affecting their participation. The students' socioeconomic background has implications on participation in university education. Sekhukhune concluded that inadequate financial resources is an important reason cited for students dropping out of university institutions. This in other words implies that there exists a strong relationship between the lack of financial resources and school attendance in university education. Machika & Johnson's study of 2014 revealed that prospective students recognized the financing role within the family and if their parents or guardians were unable to raise their university education finances, and they could neither work to finance their studies, they just stayed at home.

Maldonado & Gonzalez- Vega (2008) posit that microfinance influences education by influencing household income, stabilizing household revenue and avoiding child labor, increasing participation when women receive credit as they benefit from microcredit more and supposedly have stronger preference for education, by improving the opportunities for educated household members to realize higher incomes, strengthening the incentive for education. Microcredit changes the demand for child labor within the household and allows more time for students to be in school.

Some studies have however shown that the link between alternative financing and participation is not always positive. Findings by Hytopoulos (2012) conversely, reveals that microfinance programs have no impact on student's scholastic attainment.

2.2.4 Role of the government funding in financing university education

The government is the main financier of university education and this is done mainly through taxation (GOK, 2015). With the increasing demand of higher education, the financial aid from the government has also reduced over the years. But its role in supplementing the financing done from private sources is nonetheless very crucial.

In her study titled 'an assessment of HELB in financing university education, in Kenya', Boy (2018) concludes that in the event that a student should fail to receive a HELB loan, other sources of funding will be stressed in trying to support the student. This leads to university deferment or drop out. This finding helps buttress the vital role that HELB loans play.

A study by Onkeo revealed that 64% of his sample who were students, indicated that missing a HELB loan had a lot of consequences and students from poor households adopted different mechanisms so as to cope and continue with their education. Some of these mechanisms were working as cobblers, barbers, typing and printing, hairdressers, hawkers of light goods like electronics, cigarettes and foodstuffs. Others skipped meals while others cohabited with rich friends. Some even indulged in commercial sex for survival. This finding also substantiates the fact that the HELB loan and other financial aids from the government are very integral to retention of a student in school.

According to business daily (2016), a majority of Kenyans, especially those from poor backgrounds would never have made it through university were it not for the financial cushion that the government through HELB loans and bursaries provide. Lomaria (2012), also indicated in his study that bursaries, student loans, parents education, occupation and income, have a noteworthy effect on undergraduate student persistence in public universities.

Another study by Onuko (2012) on the impact of bursary schemes on retention of students in school, revealed that the majority 210 representing (78.35%) of the sampled students indicated that they normally benefit from CDF bursary. Some however said that they pay “real fees” and relying on a bursary could not retain a student in school and that it was just a supplement. This points to the fact that in as much as the funds are insufficient, the students heavily rely on them.

According to Claridge & Ussher (2019), those in receipt of various bursary amounts, mostly viewed it as a good scheme because it provides a financial buffer and enables them to concentrate on their studies and extracurricular activities instead of looking for paid employment or engaging in other businesses to raise money when the term was on.

2.3 Summary of literature review

It is evident from the theoretical literature review that the personal or private benefits attached to education justifies why the household must meet part of the educational expenditures. Theory also shows mixed relationships between the private financing strategies and participation. Most economists according to Johnstone (2003), the World Bank (1994), Bellinger & Fletcher (2014) and Holvoet (2004) have shown that the relationship between private financing and participation in schools is a positive one and should be embraced while other authors like Penrose (1998) argue that the relationship is negative. Beck & Demirgüç-Kunt (2008) corroborate Penrose’s thinking by saying that the poor are usually financially constrained to invest in human capital.

In the empirical literature, households have to diversify production, maintain stocks, build networks of social relationships to enable them finance education. Studies have shown that there exist relationships between the private financing in education and participation. Studies done before suggest positive relationships while others suggest negative ones. In addition to that, some studies suggest a significant relationship while others suggest insignificant relationships. Bellinger & Fletcher (2014) indicate that there are many theories but little evidence, on what the reality of private financing of education is. According to them evidence is limited as to what alternative strategies work but some old strategies like cash transfers and vouchers have been positively linked with success in some contexts. Some studies however have shown the contrary like that of Hytopolous (2012), which revealed that microfinance programmes have no impact on participation by students in school. Overall, it is important to note at this point that the poor household heads heavily rely on the government's financial aid to supplement their private financing. Variant private financing mechanisms have been deployed by poor families to educate their dependents but important to note is the vital role that the government financing through loans and bursaries play.

From the studies that have been done before, it is clear that poor households deploy many different financing models to supplement the government funding. These models have positive links to education participation. Some studies however have shown insignificant impacts and some have shown no impact at all. And because no previous studies on financing education has been done in Ombeyi ward, and my research aimed to fill this gap. The study sought to find out the kind of relationship that alternative financing strategies have on retention of students in the university.

2.4 Theoretical Framework

2.4.1 Theory of Access to Finance and Development

The theory of access to finance and development according to Beck & Demirguc-Kunt (2008) proposes that lack of access to finance by the poor constrains both human and physical capital accumulation (Beck & Demirguc-Kunt, 2008). Human capital refers to the economic value of the abilities and qualities of labor that impact productivity. These qualities include among many aspects, higher education. In theory, the higher the private financing done by poor households, the lower the retention rates of the students from these households (Mbugua, 2009). Students from poor households are most disadvantaged by the education system because their financial positions bar them from raising funds that enable them be retained in school. It is expected therefore that because the poor households have low incomes, affording university fees will be a challenge. Poorer households are constrained financially according to Becker & Tomes (1962) and because of this, they are unable to invest in the human capital of their offspring (Becker & Tomes, 1962). Educational disparities among social groups may be worsened by the disparities in household expenditures towards education (Zhang & Zhou, 2017)

The theory of access to finance and development is critical in hypothesizing the private financing done by poor household heads and its relationship with retention of students from these households in the university.

2.4.2 The household capital structure theory

Capital structure theory in financial management, is a systematic method to financing activities using a combination or mixture of equities and liabilities. Capital structure refers to the mix of debt and equity economic entities used to finance their assets (Ammerman, 2017).

Cunha et al (2006) assert that there are similar or common determinants of household and corporate leverage and that household liquidity exhibits similarities that are consistent with empirical corporate studies. Households implement financial strategies, just like firms, to finance their activities. They sometimes finance their activities internally using their income or the consumption of wealth that has accumulated over time in terms of savings. The resources for financing household needs are sometimes scarce and because of the scarce financial resources, households engage in the usage of debt and other liability instruments. Financing decisions by the household usually takes into account various possible sources of funds (Cunha et al, 2006)

Amatea (2009) corroborates this by saying that as events touch a member of the family, other family members react in connection to the change or development of the affected relative. The individual is initially supported by members of their nuclear family, then by members of their extended family, then aid is sought from the local community, if it is insufficient, and through the larger regional and national societies, to complement the available resources. According to the World Bank, (2008), government financing strategies are not sufficient and for this reason, parents and students have to augment this financing from their private sources. World Bank further asserts that, when financial systems are not all encompassing, the poor are forced to rely on personal wealth or internal sources for education and other growth opportunities (World Bank, 2008).

In developing countries, there is a lot of reliance on the informal credit market by the rural households, for their intertemporal transfer of resources. For these households to increase their productive capacity and smooth their consumption over their life cycles they typically deploy complex financing strategies. Moneylenders, relatives, neighbors, friends or merchants are some of the informal credit sources relied upon by rural households (Sekyi, 2017)

In Huston's (1995) view, household spending on education is a clear indication that it values education because education, especially at the university levels, enables diversification of income-earning opportunities for rural poor households, for example through access to more lucrative non-farm work (UNESCO, 2017; Browne, 2010; Wang & Moll, 2010) and enables them enter into higher status jobs, increasing their earnings and the rural households' long-term financial position. The perceived educational benefits is why the efforts made by poor households in the attainment of university education are often so great. (Collins et al., 2015).

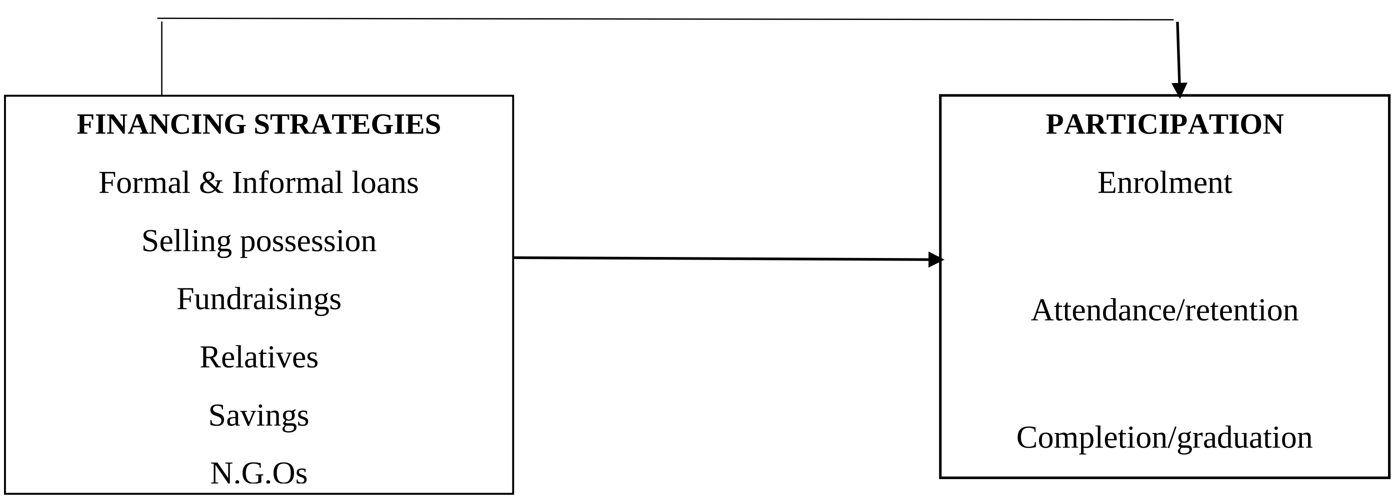
2.5 Conceptual framework

The following conceptual framework guided the study where the independent variable which was the private financing strategies was tested against the dependent variable which was participation, measured in terms of retention in the university.

Figure 2.1: Conceptual Framework

Relationship between private financing strategies and participation in the university

Independent variable **Dependent variable**



Source: Researcher's Conceptualization

The variables were modelled around the two theories that this research was anchored on. The independent variable which was the private financing strategies was modelled around the household capital structure which states that households implement financial strategies, just like firms, to finance their activities. The resources for financing household needs are sometimes scarce and because of the scarce financial resources, households engage in the usage of debt and other liability instruments. Financing decisions by the household usually takes into account various possible sources of funds (Cunha et al, 2006) from the reviewed literature, households use both formal and informal loans, some get help from relatives, some sell their assets while others call community members together for a funds drive and others use the money from their personal savings.

The dependent variable on the other hand which was participation, was modelled around the access to finance and development theory. This theory proposes that the lack of access to finance by the poor constrains human capital accumulation (Beck & Demirgüç-Kunt, 2008). Various studies and different authors show that there is a strong relationship between lack of access to finance and human capital accumulation (Wainaina & Mwangi, 2010; Mbugua, 2009; Oketch, 2003; Penrose 1998). The research sought to find out whether the households in Ombeyi deploy variant financing strategies as shown in literature and to also find out whether these mechanisms of financing education can keep their dependants in school without the government aid.

CHAPTER THREE

METHODOLOGY

This chapter focuses on research methodology that was used in the study and contains a description of the study site, research design, target population and sampling, data sources and data analysis.

3.1 Study site

This study site was Ombeyi ward which is situated in Muhoroni constituency in Kisumu county, Kenya. This ward has a population of approximately 26,307 with approximately 5732 households, an area of approximately 92.5 Square Kilometers and a density of 284 persons per square kilometer (km^2). The ward consists of five sub-locations namely, Obumba, Kang'o, Kore, Ramula and Ahero Irrigation scheme (ROK, 2013). Residents of Ombeyi primarily draw their livelihood from agricultural activities. Subsistence farmers who grow food crops including maize, finger millet, sorghum, cassava, fruits, and sweet potatoes, vegetable and also engage in livestock rearing are the majority. These livestock include, cattle, sheep, goats and poultry and act as a source of income for farmers. Sugarcane, rice and cotton are the main cash crops grown in the area, other than food crops. Sugarcane is the most popular cash crop, followed by rice then maize (Obiero et al, 2012).

The proportion of the population with secondary education or above in Kenya is 22.8 percent. That of Kisumu county is 25.4 percent while that of Muhoroni constituency is 19.7 percent. Muhoroni constituency has five wards whose proportions are as follows; Miwani ward's proportion is 21.1 percent, Muhoroni Koru ward is at 26.2 percent while Chemelil ward is at 24.7 percent. Masogo/ Nyangoma ward's proportion is at 13.1 percent while Ombeyi ward's proportion is the lowest at 12.1 percent (SID & KNBS, 2014). Ombeyi ward was therefore purposively selected because the proportion of the population with secondary education, including university education from the report by KNBS & SID (2014), was the lowest in Muhoroni constituency and poverty levels measured in terms of income, housing, employment, sanitation, lighting fuel and cooking fuel were low in Ombeyi ward compared to other wards in the constituency. This meant that poverty levels in Ombeyi ward were high and this in other words meant that most of the households in the ward were poor. This site was suitable for the research to enable an understanding of private financing of university education in relation to participation among the poor. The researcher with the help of two village elders took two days to visit all the five sub-locations to familiarize herself with the ward. This helped in easily accessing the households.

Figure 3.1 Geographical location of the area of study

Figure 3.1 is the Kenyan map, highlighting Kisumu county. Ombeyi ward falls under Muhoroni constituency which is one of the five constituencies of Kisumu county.

Figure 3.2 Map of Kisumu county highlighting Ombeyi Ward

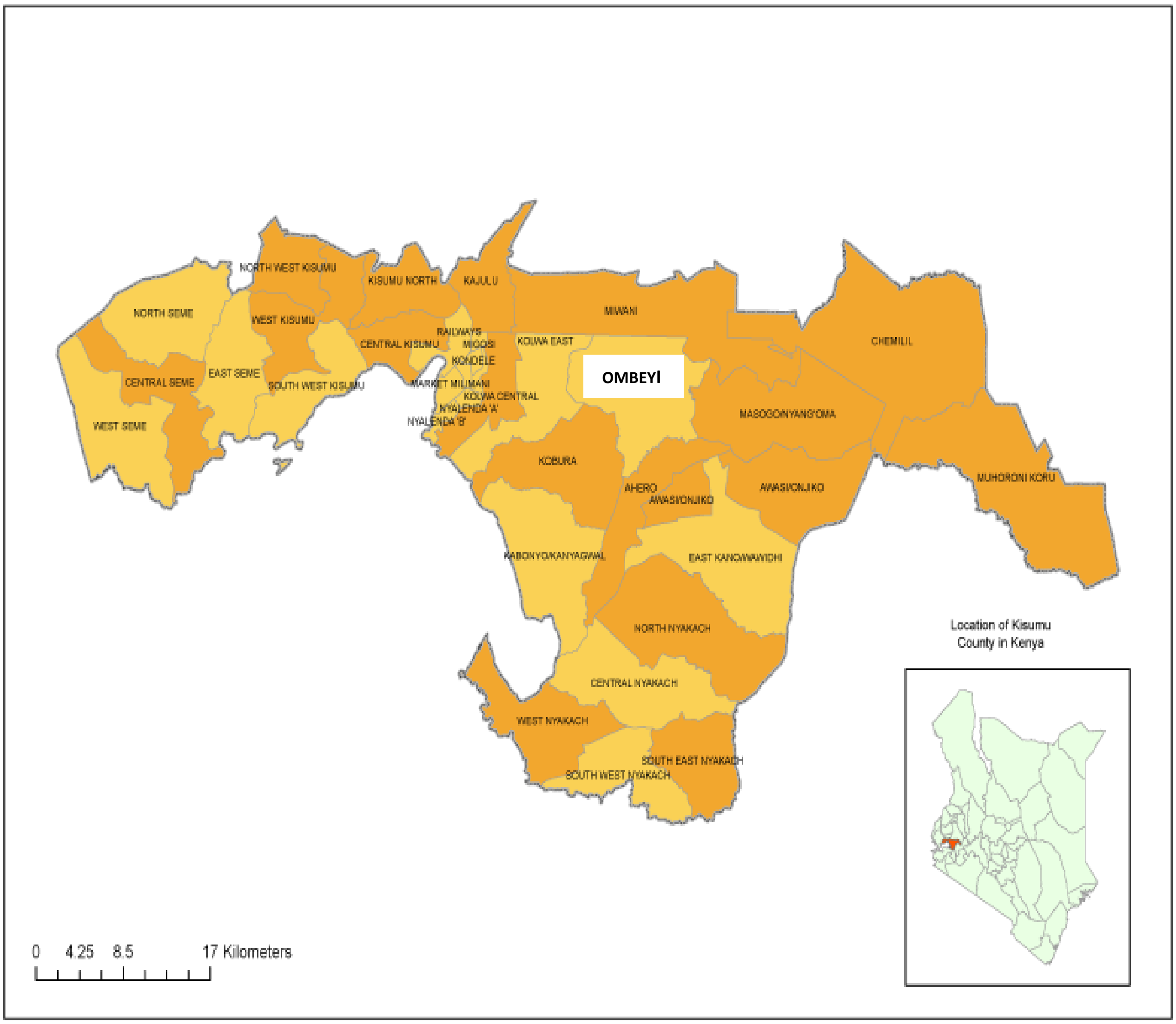


Figure 3.2 Source: KNBS & SID, 2013

Figure 3.2 is the map of Kisumu county's five constituencies, and thirty four wards. Ombeyi ward which was the study site is highlighted in white.

3.2 Research Design

This research used a mixed methods approach. This type of research is one that uses a combination of quantitative and qualitative research. This in other words, means a research that integrates research methods that cross the two research strategies which are qualitative and quantitative research methods (Bryman, 2012). Quantitative research is a research strategy that emphasizes quantification in the collection and analysis of data while qualitative research is a research strategy that is more concerned with words rather than quantification in the analysis of data (Bryman, 2012). The study was descriptive in nature and collected both quantitative and qualitative data. The main reason for using the mixed method design was for completeness of the research (Bryman, 2012).

Data was collected through two methods which included key informant interviews (KII) and household surveys. These methods were crucial in providing rich data that were important for the study objectives. Both methods also helped in checking biases that were inherent in either of the methods (Creswell, 2009). The quantitative approach included household surveys done through structured interviews which collected data using structured questionnaires, (appendix 2) administered to household heads. This helped obtain information relevant for the study regarding private financing strategies and its relationship with retention in the university. The questionnaire was divided in four sections. The first part gathered information on general household information. The second section gathered information on the private financing strategies deployed by the households while the third section gathered information on the determinants of the financing strategies used. The forth section collected information on the relationship between financing strategies and participation which was measured in terms of retention in the university. Whereas the fifth part collected information on the role of the government funding in financing university education.

The qualitative data was collected using interview guides (appendix 1) administered to key informants that gathered in-depth information. It was also divided into sections where the first part collected general information about the ward and university education. The second section collected information on private financing strategies deployed by the households, while the third part collected information on the relationship between the private financing strategies and retention in the university and finally, the forth part collected information on the role that the government financial aid played. The qualitative data from the key informants supplemented data gathered from the individual households. The key informants included, the education officer for Ombeyi ward, the CDF office for Muhoroni constituency, the chief of Ombeyi ward and his assistant chiefs. This group of key informants was selected based on their expertise regarding the issues that the study sought to address. The education officer gave information on students who were at the time of study enrolled in the university. The CDF office gave information on students who were receiving financial aid from the government, most of who were from poor households. Other than poor students, CDF gives financial assistance to students based on the educational burden of the household and this means that not all students in the Muhoroni constituency CDF list were from poor households. The CDF distinguished the names of those who were considered poor by the CDF definition from those who were receiving financial aid due to the financial burden of the household. The researcher picked the names of both the poor household heads and their dependents who were all included in the study.

3.3 Population and sampling

All the poor households in Ombeyi ward with at least one student enrolled in a university at the time of the survey were targeted as the population for the study. This population was suitable because the research aimed to find out the relationship between private financing strategies and retention of students from poor households in the university. The unit of analysis in this study was the individual household while the respondents were the household heads. In order to obtain data that addressed the study objectives, the study used both probability and non-probability sampling techniques for the collection of data. Probability sampling included a census of the poor households, which is the enumeration of the whole population (Bryman, 2012). The researcher needed as many households in the study as possible because the more the heterogeneous the population the more the interviews required (Guest et al. 2006). This was used for the purposes of quantitative analysis and to help in generalization. Purposive sampling was done for the education officer, the CDF officer, area chief, and the assistant chiefs and this was used for the purpose of quantitative analysis.

Purposive sampling according to Mugenda & Mugenda (2003), is a technique that allows a researcher to get information from people who operate in line with the objective of the study. These are expertise in the field that the study focuses on. Purposive sampling of the poor households enabled the study to focus on private financing strategies and its relationship with retention in the university by poor households. It allowed the study to narrow down on poor households, how they finance university education and the relationship between the financing strategies and retention in the university.

3.3.1 Household sampling

From the education office, the researcher got names of all the students in the ward who were at the time of study enrolled in university education institutions. These were one hundred and eighty one (181) students. Out of these, ninety seven (97) were in the university while eighty four (84) were in other university institutions. From the ninety seven students, the CDF office gave the researcher names of students who were beneficiaries of the constituency development fund and were also considered poor who eighty one (81) students in number were. It was important to use the CDF beneficiaries because these funds are usually given to poor but bright students (NG-CDF, 2013). The Muhoroni constituency CDF office, also gives financial aid to households depending on their educational financing burden (Muhoroni constituency CDF office). The data from the CDF office, helped the researcher generate a sample frame (household listings) of poor households that have students that were at that time enrolled at the university and were beneficiaries of the CDF bursary. The CDF list was organized in such a way that it had the students name, their university, parent or guardian's name, their contacts and sub location. The researcher noted down names of all the household heads and their telephone numbers according to their sub locations of residence for ease of accessing them. And with the help of the CDF office, the researcher first distinguished the poor students from the students who received financial aid because of the educational expenditure of their household and were not necessarily poor. Out of the eighty one (81) students, seventy one (71) ultimately were included in the study because three household heads declined to take part in the research, while three were away at the time of study and four did not reside in Ombeyi ward. The researcher established that the seventy one (71) students came from fifty eight (58) households. Forty six (46) households each had one student in the university while eleven (11) households each had two students in the university. Only one (1) household had three students in the university. This added up to seventy one (71) students from fifty eight (58) households. The researcher made prior calls to schedule appointments as per the sub locations because of logistics and ease of operations. The fifty eight (58) households were interviewed using the questionnaires (appendix 2) that were administered to household heads and this had to be done in the local language (luo) for more than 90 percent of the household heads because they were not so comfortable doing it in English citing lack of knowledge of the language.

3.3.2 Key informants' sampling

Since the area chief was only one, he was automatically included in the study and this applied to the assistant chiefs of the five sub locations, the education officer and the CDF officer. A checklist had earlier been developed in order to come up with an interview schedule/guide (appendix 1). It had open questions and was used to in-depthly interview the key informants. It took into account in-depth data to capture opinions and perceptions of the key informants in the study area.

3.4 Data sources and collection

Primary sources of data were used in this study. This was the qualitative and quantitative data. Quantitative data was gathered through a survey of the poor households with students that were at the time of study, enrolled in the university. This was done using structured interviews administered through questionnaires and the household heads were the source of this data. Qualitative data was generated from key informants through in-depth interviews by use of a checklist and a discussion guide. Both methods were used in the study to obtain in-depth information and to bring out diverse issues pertinent to private financing and its implication on retention in the university by students from poor households.

3.4.1 Key informant interviews

The researcher had earlier mapped out the key informants (KI) who were either players or opinion shapers with regards to education in the area of study and on the basis of their expertise on the issues the study endeavored to address. They included the education officer, the CDF officer, the area chief and his five assistants. The researcher followed all due procedures including obtaining an introductory letter from the university in order to schedule meetings with the key informants. The CDF officer was interviewed on the 20th of September, 2018 while the chief and his assistants were interviewed on the 18th and 19th October, 2018, and the education officer was interviewed on 22nd December as he was unavailable at the time of study.

Table 3.1 Key Informant Interview

Key informant/ professional	Importance to the study
The CDF officer for Muhoroni constituency	To provide the names of students who come from poor households and the house heads' contact details and to help define poor household.
The Education officer for Ombeyi ward (1)	To provide all the names of students in the university, their sub locations and give in-depth information on financing of university education.
1 Chief and 5 assistant chiefs for Ombeyi ward	To give detailed information about university education in the area and how it is financed and also help locate household heads that were not reachable on phone

Source: Researcher

The key informants responded positively and were quite supportive during the entire study period. The details of the information collected from the KI are provided in chapter four (4) of this dissertation.

3.4.2 Household survey

A pre-test for the data collection instrument (appendix 2) together with other field logistics were done before the actual collection. In the pre-test, five heads of households were randomly picked and called on phone, and meetings scheduled for 22nd October, 2018, for the testing of the questionnaire to see whether the questions were clear and to rephrase any ambiguous questions. From the pretest, two more questions were incorporated and two questions made clearer. The data collection exercise was conducted between 23rd and 30th October, 2018. A structured questionnaire with both closed and open questions were administered to the heads of households through face-to-face interviews. This was a preferred method because it greatly reduced non-response. The structured questionnaires collected data on the private financing of university education; these included, household demographics, financing strategies deployed, factors that influence the choices of the strategies and the implications they have on retention in the university. This was done with the help of a research assistant who helped in the interpretation of the questions to the local language and carry out the survey.

3.5 Data collection techniques

The researcher used different techniques to collect data which included, note taking, taping, and marking codes for the coded questions in the questionnaire. Note taking is a technique that was majorly used during the KII in noting the key points and also in capturing the answers to the open ended questions during the administration of the questionnaires. The researcher took field notes every evening to help prepare for the next day and when making calls, notes were taken regarding the meetings scheduled. Being new in the area, the researcher had to note down the details of the exact location of the respondents. Note taking also involved translation of the interviews to English from the local dialect (luo) by the researcher. The researcher also taped interviews that were done in the local dialect. This helped her later to countercheck whether the information was commensurate with what was recorded and to ensure that no information was left out during the note taking.

3.6 Data analysis

From this research, both qualitative and quantitative data was generated. The study was mixed methods in design therefore both quantitative and qualitative data processing and analysis methods were used in the analysis. Data collected from the structured interviews (quantitative data) was first cross-checked and cleaned to iron out inconsistencies in recording and then coded, after which they were entered in Microsoft Office Excel and analyzed using statistical package for social sciences (SPSS 23.0) computer program and presented in form of charts and tables. On the other hand, qualitative data collected from key informants was transcribed, coded, and then analyzed for common themes that emerged, put into different categories and finally arranged in line with their trends and patterns. They were translated where necessary after which they were sorted thematically, summarized and expressed in form of statements and narratives.

The detailed description and analysis of the data was based on the household demographics, financing strategies deployed by households to finance university education, the factors that influence the choices of the strategies, the relationship between the private financing strategies and retention in the university and the role of the government funding in financing university education.

The quantitative data was useful in establishing whether any relationship existed between private financing and retention in the university or not. Univariate and bivariate analysis was done for the data on the variables collected where appropriate. Univariate analysis was done for the nominal, ratio and ordinal data. To determine the relationship between private financing strategies and retention in the university, bi-variate analysis involving cross tabulation with Pearson chi-square test, were done. Verbatim responses gathered from KII and open ended questions were used in further elaboration of the quantitative data analyzed. The data that was analyzed was thereafter presented using tables, charts, and cross tabulations in chapter four (4) of this project paper.

3.7 Ethical considerations

Mugenda and Mugenda (1999), defines a researcher as a person that is sincerely concerned with the value and quality of life of other human beings and in their research work, should be honest people, full of integrity who will not carry out research for personal or private gain or research that will impact negatively on humanity.

The researcher obtained a letter of introduction from the Institute for Development Studies explaining why she was undertaking the research, before she embarked on the data collection. She also obtained authorization from the area chief, allowing her to undertake the research in the five sub locations in Ombeyi ward and as is required of a research project of this nature, necessary ethical considerations were made. Respondents' confidentiality, anonymity and privacy were upheld and safeguarded throughout the study and the researcher made it optional for the respondents to share their names and contact details. The respect and freedom to participate in the research was ensured for all participants making participation in the study voluntary. Of the 61 household heads that qualified to be in the study, three declined to take part and this was respected. The researcher ended up with 58 household heads in the study.

Participants were informed about the purpose and objectives of the study and their role and since it was purely for academic purposes, they were informed that there was no immediate benefits attached to the study so they could make an informed consent. The research was a social research and the participants were not asked any intrusive questions. But if they felt the need to discontinue with the interview even after they accepted, they were allowed to do so and would face no penalties for withdrawal. There was no such case though.

Verbal consent was sought from the participants after being taken through the informed consent (informed consent attached) which informed them of the research's objectives and their role and that participation was voluntary and that the information they shared was confidential. They were also informed that there was no monetary compensation for taking part in the survey and were assured that they would be interviewed in places they were comfortable in. Most of the questionnaires were administered in the local language (luo) because a majority of the household heads indicated that they were not so comfortable doing it in English.

With regard to data storage and management, only the researcher and her assistant had access to the data. The completed data was stored in the researcher's personal computer that was password protected and the final raw data was shared with the researcher's supervisor. The data was used solely for the purpose of this study.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

This section presents the findings from the field survey which sought to explore the relationship between the private financing strategies and retention in the university among poor households in Ombeyi ward. The findings are also corroborated with qualitative data that was gathered from the key informants.

4.1 General household characteristics

4.1.1 Gender and age of household heads

Of the 58 household heads that were interviewed, a majority, 36 were male representing 62.1% while 22 heads of households were female, representing 37.9%. Of these household heads, 33 representing 56.9% were married while 25 representing 43.1% were widowed. All the 22 females who headed their households were widows while the difference of 3 men were widowers. On the ages of the household heads, the majority were between 41 and 50 years. This was 36.2%. 31.0% were between 51 and 60 years of age, 22.4% were between 61 and 70 years, 6.9% were between 35 and 40 years while 3.4% of them were above 71 years. The minimum age was 36 whereas the maximum was 72. The mean age was 54.017 years.

Table 4.1 Age groups and gender of household heads

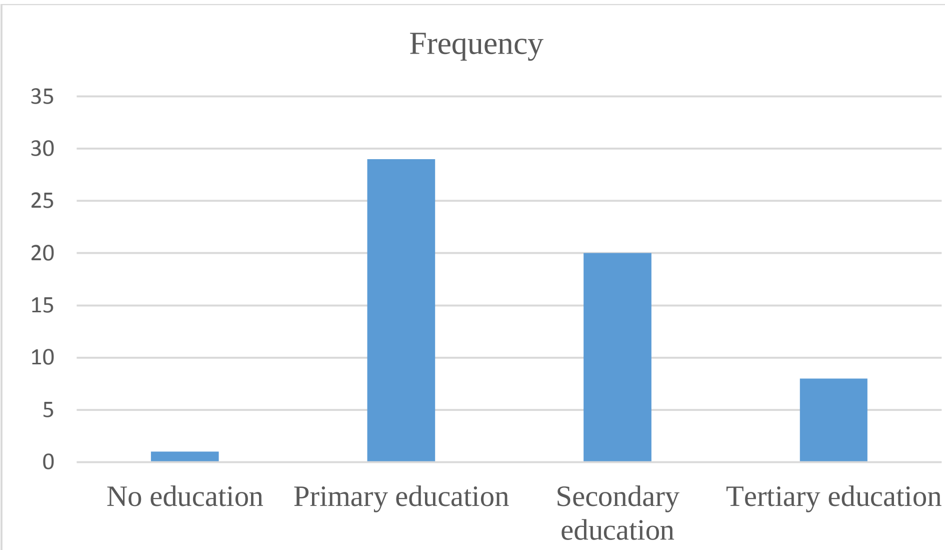
Age groups and gender of household head		
	Gender of the household head	
	Male	**Female**
35-40	**1**	**3**
41-50	**12**	**9**
51-60	**10**	**8**
61-70	**11**	**2**
above 71	**2**	**0**
Total	**36**	**22**

Source: (Field survey data, 2018)

4.1.2 Highest level of education attained by the household head

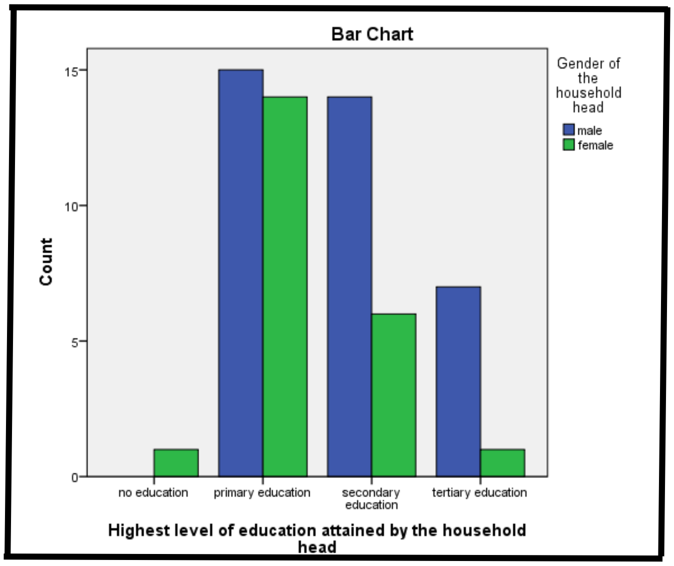
A majority of the household heads that were interviewed, had attained a primary education. Those who had attained primary education were 29 representing 50%. Those who had attained a secondary education were 20, representing 34.5% while those who had attained a tertiary education represented 13.8% and were only 8 household heads. Only one, representing 1.7% had no education.

Chart 4.1 Highest level of education attained by the household head



Source (Field survey data, 2018)

Chart 4.2 Highest level of education by gender



Source (Field survey data, 2018)

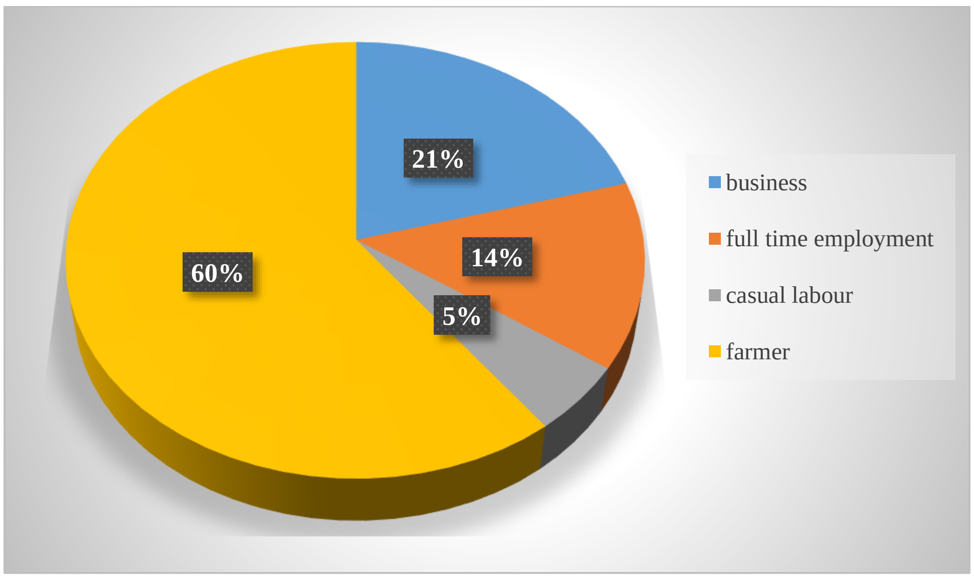
When the highest level of education was cross-tabulated against the gender of the household head, it showed a high count of men than women in all categories of education with the biggest difference in tertiary education which was a difference of 75.0%. Of the 29 who had attained a primary education, 14, representing 48.28% were women while 15 representing 51.72% were men. Of the 20 who had attained a secondary education, only 6 were women, representing 30% while 14, representing 70% were men. Out of the 8 that had attained a tertiary education, one was a woman at 12.5% while 7 were men, at 87.5%. The household head who had no education was a woman.

This was corroborated by respondent 3, a key informant, who said there is a high prevalence of early marriages. Once most girls hits their teens, are married off and do not further pursue education. Respondent 4, a key informant said, the burden of educating children is too much. Some parents opt to invest in the boy child because it is perceived to benefit the parents directly. While another key informant said girl child education is not valued by most of the households. Boy's education is more valued in Ombeyi.

4.1.3 Occupation of the household head

A majority of the household heads (35) were farmers at 60.3%. 12 heads of households representing 20.7% were businessmen and women. 8 of them were in full time employment this represented 13.8% while 3 of them, representing 5.2% were engaged in casual labour. The fact that a majority of the household heads are farmers corroborates the key informants' assertion that because of poverty levels, a majority only have a basic education. They therefore don't have skills to enable them get into formal employment. Most of these people depend on casual jobs but some parents are formally employed. These are mostly teachers. Such kinds of jobs give households a sure income. Some parents are engaged in business. There are different types of businesses in Ombeyi ward like shop keeping, tailoring, cereals business, transport and so on. Ombeyi ward has very fertile soils. People get returns from tilling it and there are ready markets for rice, yams and even sugarcane but the biggest challenge is that most of them practice small scale farming and therefore the returns are not as good as if they did it on large scale.

Chart 4.3 Occupation of the household head



Source (field survey data, 2018)

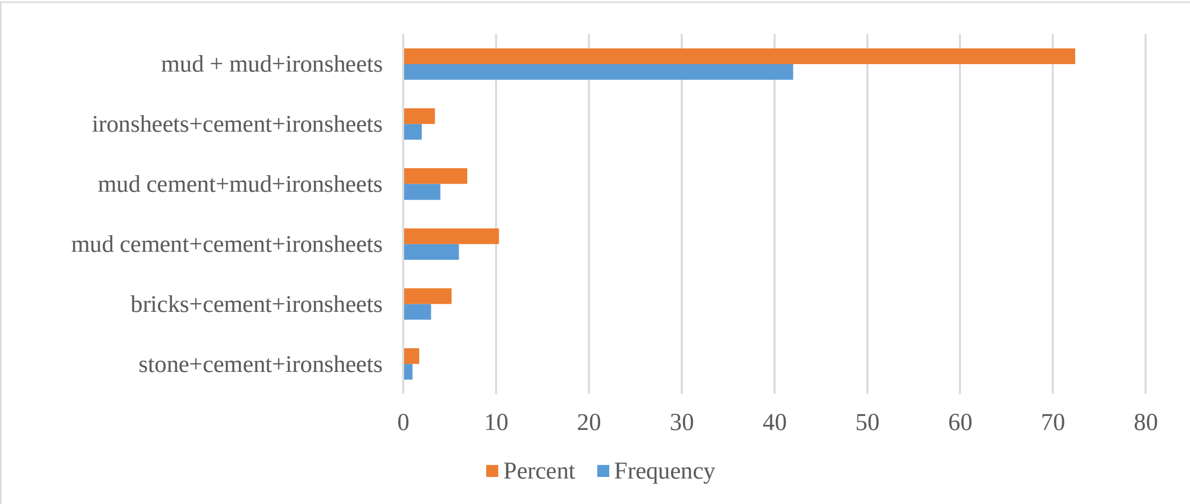
60.3% of these household heads had more than one occupation whereas 39.7% engaged in one occupation.

Respondent 2, a key informant also corroborated this by saying educating a child through university has never been an easy affair. The financial requirements are variant and for this reason, most of the parents cannot depend on one job. Respondent 4, a key informant also said, the cost of educating a child in the university is so high, one would need to engage in more than one source of income. This is the only way most parents can sustain their families' financial needs including university education.

4.1.4 Type of house owned by household

72.4% of the households surveyed lived in houses that are mud walled, mud floored with iron sheet roofing.10.3% lived in houses whose walls were made of mud plus cement, cement floors and iron sheets roofing. 6.9% of them lived in houses whose walls were made of a mixture of mud and cement with mud floors and iron sheets roof. 5.2% of them lived in brick walled houses, cement floors and iron sheets roof. 3.4% of them owned houses whose walls were made of iron sheets, cement floors and iron sheets roof. Only 1.7% owned a stone walled and cement floored house and iron sheets roof. According to the key informants, the poorest households live in mud walled and mud floored houses

Chart 4.4 Type of house owned by the household



Source (Field survey data, 2018)

According to the key informants, a household that lives in a stone house, cemented/tiled floor and iron sheets roof is considered least poor, followed by one that lives in a brick, cemented floor and iron sheets. This is followed by those that have houses made of mud and cement walls, cement floors and iron sheets roofs. House considered to be owned by the poorest people are mud walled, mud flooring and iron sheets and the poorest of all is that which has grass roof or is grass thatched. The poorest households live in houses that have mud walls, mud floors with grass thatched roofs. The grass thatch is not so common nowadays but generally, mud houses are associated with poverty. The poorest households in Ombeyi are those that own houses with earthen walls and earthen floors.

4.1.5 Household income, number of dependents, household assets and poverty

Of the 58 interviewed households, only one household, representing 1.7% earned between Ksh 20,001 and 25,000 per month. 13.8% (8 households) earned between Ksh 15,001 and 20,000. 17.2% (10 households) earned between Ksh. 10,001 and 15,000. 17 households which was 29.3% of the population earned between Ksh. 1,000 and 5,000 while the majority, (22 households) representing 37.9% earned between Ksh 5,001 and 10,000

Households with many members in most cases are poorer than their counterparts with few members. An assertion by (KNBS & SID, 2013) is corroborated in this study that there is a higher likelihood that rural households have seven or more household members (KNBS & SID, 2013). Out of the 58 households that were interviewed, 43.1% had between three and six household members while 56.9% had between 7 and 21 members.

Table 4.2 Number of household members

Categories	**Frequency**	**Percent**
3-5	18	31.0
6-10	32	55.2
11-15	6	10.3
16-20	1	1.7
21-25	1	1.7
Total	**58**	**100.0**

Source (field survey data, 2018)

According to KNBS (2018) and KIHBS (2015/2016), a poor household is one whose consumption per person per month is Ksh. 3,252 or below. All the households surveyed fell below the Kenya integrated household and budgetary survey threshold of Ksh. 3,252. The consumption per member of 1.7% of the households was Ksh. 3,200. This was only one household and was the highest in this category. 8.6% of the households' consumption per person was between Ksh. 1,001 and 2,500. These were five households. 13.8% of the households had a consumption per person per month of between Ksh 2,501 and 3,000. This represented 8 households while 15.5% of the households' consumption per person per month was Ksh 1,501 and 2,000. These were 9 households. Another 15.5% of the households had a consumption per person per month of between Ksh. 100 and 500.

The highest count were 13 households with a consumption per person per month of between Ksh 501 and 1000 at 22.4% and another 13 households with a consumption per person per month of between Ksh. 1,001 and 1,500 at 22.4%. According to a key informant, such households earn very little money from what they do for a living. You might come across a family that survives on as little as Ksh 3,000 a month yet the house has between seven and ten dependents. That is poor.

89.7% of the surveyed households owned livestock while 10.3% did not own any. The livestock included cattle, goats, sheep and poultry corroborating Obiero et al (2012) information on the livestock reared in the area. 79.3% of these households owned land whereas 20.7% did not own land. According to a key informant, poor households have no land. They therefore cannot afford to cultivate unless they lease land from other people.

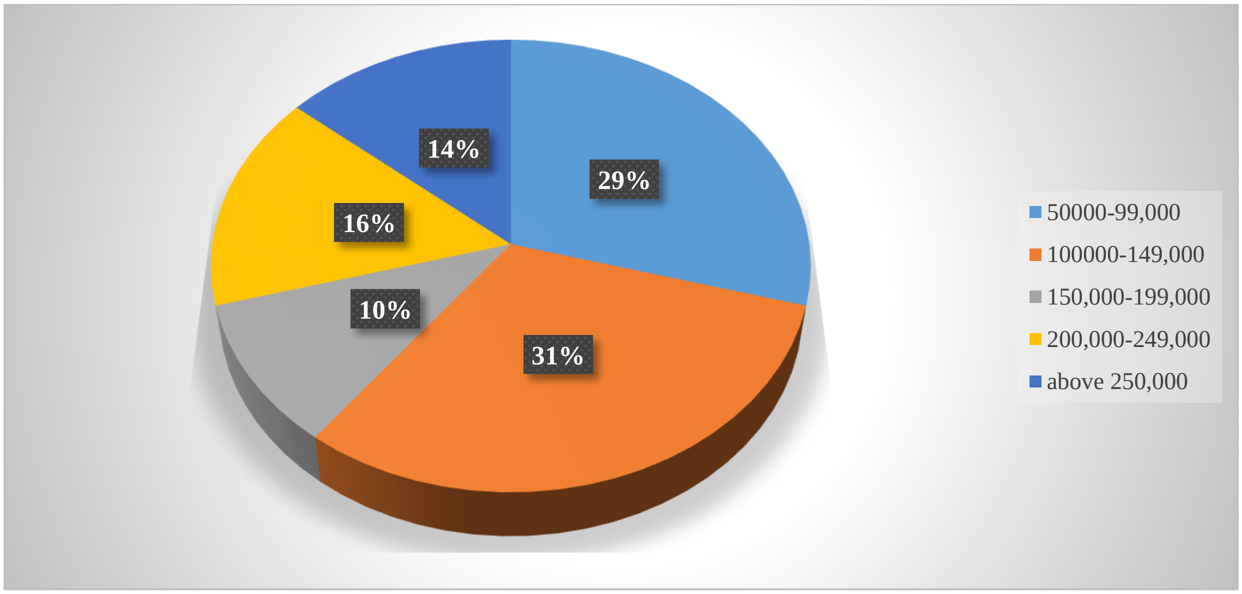
4.2 University financing strategies deployed by poor households

4.2.1 Dependents in the university and annual cost of university education

82.8% of the households had one student in the university. 15.5% had two students in the university while 1.7% had three students in the university. 8.6% of the students were pursuing their first year of studies while 24.1% were pursuing their second year of studies. 51.7% were pursuing their third year studies at the university while 34.5% of the students were pursuing their fourth year of studies at the university.

The annual university cost for 29.3% of the households was between Ksh. 50,000 and 99,000. 31.0% of the households, paid between Ksh. 100,000 and 149,000 annually for their dependent's university education. 10.3% of them paid between Ksh. 150,000 and 199,000 while 15.5% paid between Ksh. 200,000 and 249,000. 13.8% of the households paid more than Ksh 250,000

Chart 4.5 Annual cost of university education



Source (field survey data, 2018)

A comparison between the annual household income and the annual cost of university was made. The difference between the annual household income and the annual university cost was calculated. 34.5% of households had no deficit while 65.5% had deficits. This meant that 65.5% of the household heads could not finance their dependents' university education from just their income. The cost of university education exceeded their income. The high cost of university education is seen as prohibitive because many students who aren't in a position to afford it, would be prohibited from attending school, negatively affecting retention (Oketch, 2003) and this is corroborated by Acheampong, (2015) asserting that poverty influences the demand for schooling because it affects the ability of households to meet costs related to schooling.

When cross tabulated against the age of the household head, it showed that the deficit a household had on the cost of university education, was not greatly affected by the age of the household head but when cross tabulated with the gender of the household head, 51.2% of male headed households had no deficit while 48.8% had a deficit. 29.2% of female headed households had no deficit while 70.8% had a deficit. This indicated that more female headed households had a bigger burden in financing their dependent's university education compared to the male headed households.

Table 4.3 Surplus/deficit against level of education

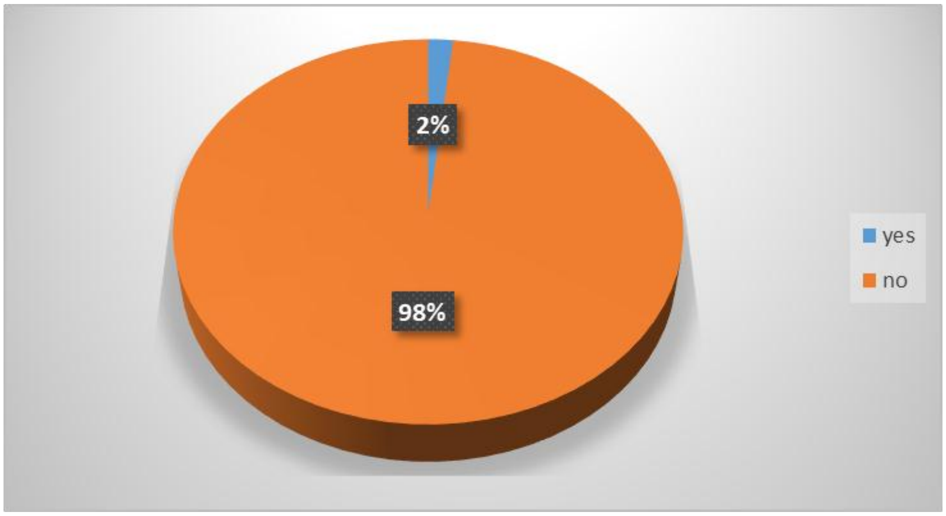
Effect of level of education on surplus or deficit		Surplus / deficit between household income and annual cost of university		Total
		No deficit	Deficit	
Highest level of education attained by the household head	No education		100.0%	100.0%
	Primary education	43.8%	56.3%	100.0%
	Secondary education	39.1%	60.9%	100.0%
	Tertiary education	54.5%	45.5%	100.0%
Total		43.3%	56.7%	100.0%

Source (field survey data, 2018)

Of the 58 household heads, 38 paid university fees that was more than the money they earned. This means that from their income, there was a deficit when paying university related costs. This finding highlights the struggle that these households go through. The school fees was way more than their income not to mention other familial financial needs. This was further cross-tabulated against their levels of education and most of the household heads representing 54.5% with tertiary education had no deficit. 43.8% of those with primary education had no deficit while 39.1% of those with secondary education had no deficit. The household head without education had a deficit. Those with the highest level of education had a little deficit to settle and this is primarily because their income was higher than those with no education, primary education and secondary education.

4.2.2 Financial help from Non- governmental organizations (NGOs)

Chart 4.6 Aid from NGO towards university education



Source (Field survey data, 2018)

As to whether households with students had received any financial aid from an NGO, the response was 'no' for 98% of the households that were surveyed. Only one household, an equivalent of 2% had received help from an NGO but told the researcher that the NGO was not within Ombeyi ward.

The key informants confirmed this by saying there is no NGO in Ombeyi ward that supports education. The two that exist only deal with health issues and these were OGRA foundation and mama Plister Bonyo mission. The education officer also corroborated this by saying there were no NGOs that had passed through the education office. All the households relied on financial help from the government but not nongovernmental organizations.

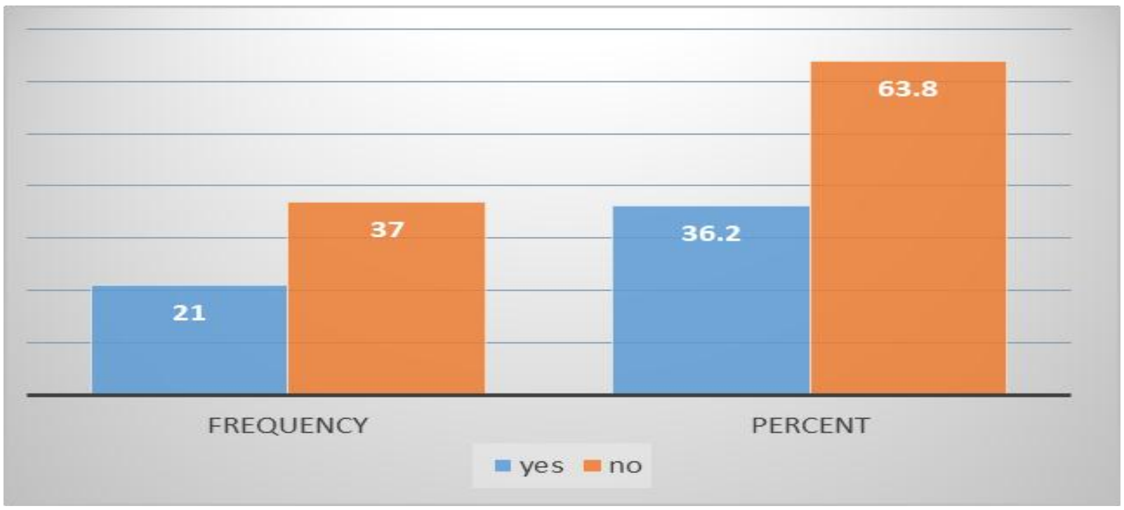
4.2.3 Relatives role in financing university education

From the deficits the household heads had when the difference between their income and cost of university was calculated, it is clear just like literature states that some household heads sought financial help from relatives. 36.2% of the household heads had received such aid while 63.8% had not been helped by their relatives to finance their dependents' university education. These relatives include siblings, in-laws, spouses, aunties and uncles. They cited their closeness or good relationship between them and obligation as some of the reasons the relatives assisted them to finance university education for their dependents.

Respondent 3, a key informant said some students in Ombeyi had been helped financially by their relatives, who help out of obligation while most households struggle individually to raise the money needed to finance university education because education in Ombeyi is majorly seen as a private affair. Respondent 4, a key informant said, relatives who were well off had been helpful to some of the students because it is our culture as Africans especially the Luo, to help relatives achieve their dreams like in education.

This finding corroborated Amatea's (2009) assertion that when a family member is in need of financial aid, other family members act in accordance to the need.

Chart 4.7 Relatives help in financing university education

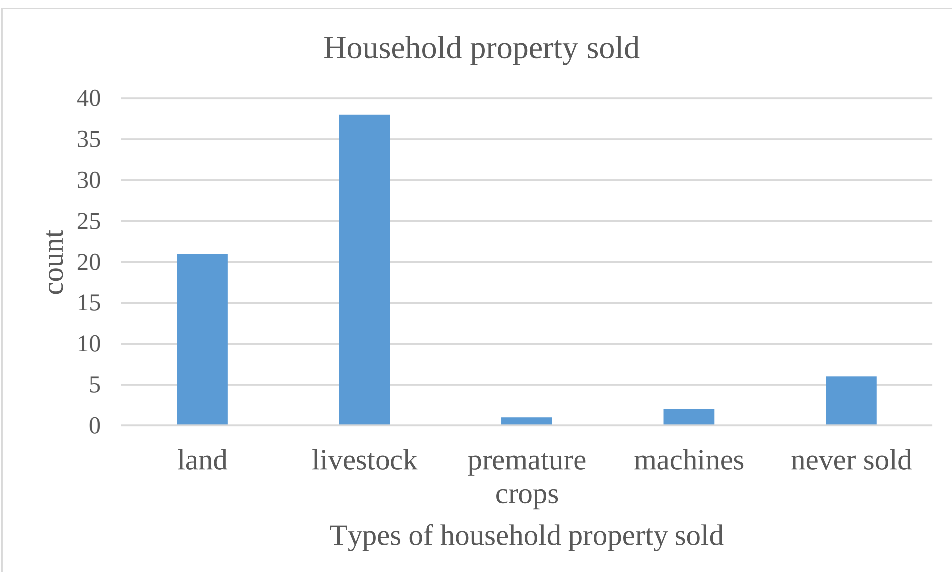


Source; (Field survey data, 2018)

4.2.4 Selling assets to finance university education

Selling of household assets to finance university education was a common strategy. Of the 58 households that were interviewed, 94.8% of them representing 55 households had sold some household property while only 3 of them, 5.2% answered 'no', meaning they had not sold any household property to help meet the university educational costs. A majority, 86.2% of the cases had sold livestock and these included cattle, sheep, goats and chicken. 27.6% of the cases had sold land while 3.4% had sold their premature crops in the farm. 5.2% of the cases had sold other household items like a maize mill, another sold a lathe machine. 5.2% of the cases had not sold any household property to finance their dependents' university education. 42 households had sold one type of household property while15 households had sold two different types of household assets to finance education. One household had sold upto three different types of household assets to enable them finance their dependents' university education. According to respondent 1, a key informant, some household heads sold their possessions to raise some money to enable their children stay in the university and most people preferred to sell land instead of leasing it because the money is more when sold compared to when it is leased. Respondent 3, a key informant also confirmed this by saying that some parents sold their property, like land and livestock and added that it was a very common practice to sell household property to raise some money to help finance a child's education. According to respondent 4, a key informant, some household heads sell land, livestock and any other item in the home that can be sold. He further added that some had sold all their land. Wang & Moll's statement was confirmed by the finding of this study that poor households deploy the liquidation of durable or productive assets to raise school fees.

Chart 4.8 Selling of household assets to finance university education



Source (Field survey data, 2018)

4.2.5 Loans to finance university education

Loans were a common financing strategy among the poor households in an effort to finance their dependents' university education. This corroborates Wang & Moll's (2010) assertion that the importance of loans to household educational financing increases with the increase of education level of children. Some household heads secured loans from formal institutions like banks, Saccos and mobile phone loans while some got them from informal institutions like ROSCAs. 41.4% of the household heads had secured loans from formal institutions. These institutions included, Kenya commercial bank (KCB), KITE Sacco, Post bank, Vision fund, Equity bank, Barclays bank of Kenya, Kenya women finance trust (KWFT), AAR credit, BOMA Sacco, M-Shwari, National bank of Kenya, Agricultural Finance Corporation (AFC) and Premium finance.

58.6% had not borrowed any loans from formal institutions citing many reasons, among them lack of collateral and low incomes which led to them being unbanked. Surveys by FSD (2015) and Zollman (2016) reported that credit is still mainly informal in Kenya and people rely on their own savings or on ROSCAs/ chamas to cope with shocks.

Table 4.4 Loans from formal institutions

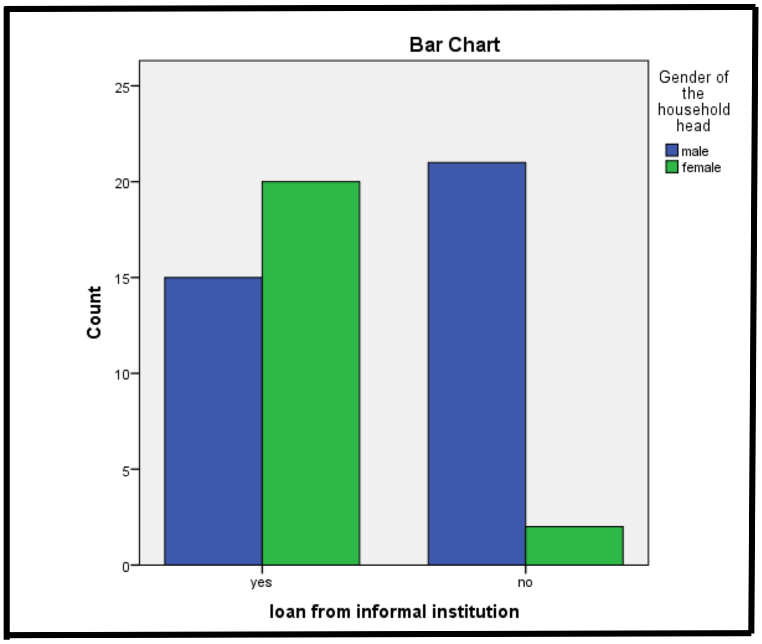
Ever borrowed a loan from a formal institution?		
Response	**Frequency**	**Percent**
Yes	24	41.4
No	34	58.6
Total	58	100.0

Source (field survey data, 2018)

41.4% of the interviewed household heads had accessed loans from formal institutions whereas the majority, 58.6% had not borrowed such loans to aid in the financing of university education of their dependents. Most cited being unbanked and lack of collateral as the reason they had not taken any formal loans. Unbanked people more often than not, depend on informal financial practices that help them mitigate risks instead of accessing formal financial services (Parada & Bull, 2014, Smith, Brown & Mackie, 2015).

When loans from formal institutions were cross tabulated against the gender of the household head, it showed a high count of female heads of households to have borrowed loans from formal institutions than their male counterparts.

Chart 4.9 Loans from formal institutions by gender



Source (Field survey data, 2018)

Table 4.5 Loan from formal institution against gender of the household head

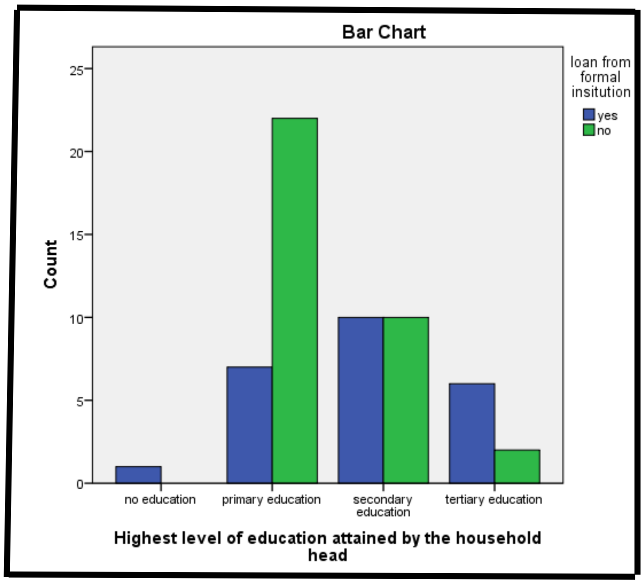
Cross tabulation between loans from formal institution and gender of the household head			Gender of the household head: Male	Gender of the household head: Female	Total
Loan from formal institution	yes	% within Gender of the household head	36.1%	50.0%	41.4%
		% of Total	22.4%	19.0%	41.4%
	no	% within Gender of the household head	63.9%	50.0%	58.6%
		% of Total	39.7%	19.0%	58.6%
Total		% within Gender of the household head	100.0%	100.0%	100.0%
		% of Total	62.1%	37.9%	100.0%

Source (field survey data, 2018)

60.3% of the household heads had borrowed formal loans while 39.7% had not borrowed any formal loans. 41.7% of the males had borrowed formal loans while 58.3% of them had not borrowed formal loans. 90.9% of the females had borrowed formal loans while only 9.1% of them had not borrowed such loans. When chi-square tests were run, there was a very strong evidence of a relationship between the gender of the household head and securing formal loans (Chi-square=13.837, df=1, p= 0.000).

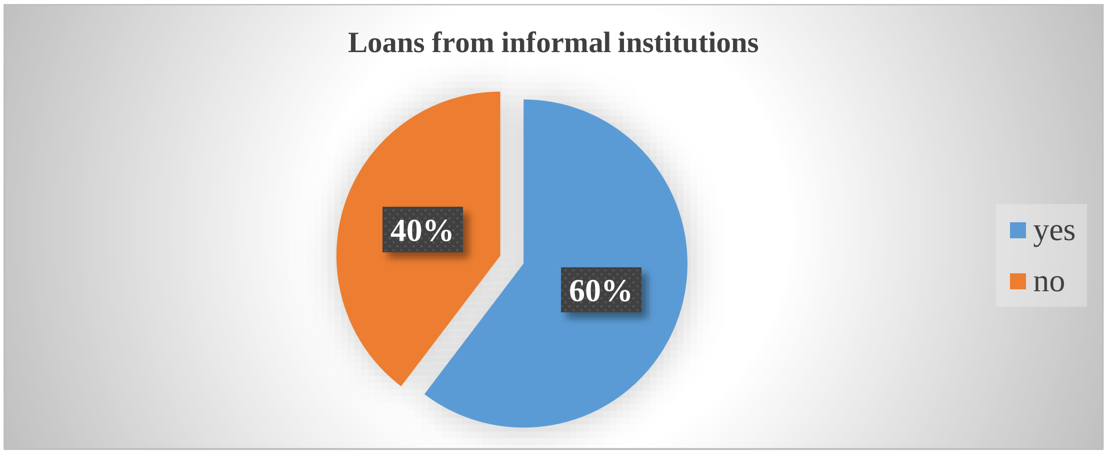
When cross tabulated against the level of education of the household head, 64.7% of those with a primary education had not borrowed loans from a formal institution. 29.4% of those with a secondary education had not secured loans from formal institutions while only 5.9% of those with a tertiary education had not borrowed loans from formal institutions. This was a clear indication that securing loans from formal institutions was positively influenced by higher levels of education.

Chart 4.10 Level of education by loan from formal institution



Source (field survey data, 2018)

Chart 4.11 Loans from informal institutions



Source (field survey data, 2018)

Table 4.6 Loans from informal institution by gender

Gender of the household head cross tabulated against loan from informal institution				
		Loan from informal institution		Total
		Yes	No	
Gender of the household head	Male	15	21	36
	Female	20	2	22
Total		35	23	58

Source (field survey data, 2018)

60% of the household heads had borrowed an informal loan to finance university education while 40% had never borrowed such loans. The informal financial systems that the poor depend on are family and social networks. These loans were mainly from RoSCAs that had been locally formed by groups of men and women. Respondent 5, a key informant said that RoSCAs were very common in the area and the locals liked them because of how friendly and flexible they usually are. The informal loans that were secured by the heads of households were ROSCAs. The cross tabulation of gender against informal loans, shows that more females than males had borrowed informal loans. This corroborates the assertion by Varadharajan, (2004) that the access to credit by mothers, positively influences their children's school participation because there is a high likelihood that they participate in RoSCAs than men. RoSCAs have promoted the increment in participation in schools where women are shown by studies to be the biggest beneficiaries. This is further corroborated by Holvoet, (2004) that credit apportioned to mothers has more influence on the schooling of both boys and girls than credit allocated to fathers.

4.2.6 Fund raising to finance university education

Community fund raisings popularly known as harambees was another strategy used by the households to finance university education. Of the 58 households that were interviewed, 46.6% of them had organized a community fund raising while 53.4% had never organized any. Harambees or community fund raisings were not so common among the residents of Ombeyi ward. Of the 27 households that had organized community fundraisings, 37% of them raised between Ksh 1,000 and 10,000. 25.9% of the households raised between Ksh 10,001 and 20,000 while another 25.9% of the households raised between 20,001 and 30,000. 3.7% of them raised between 30,001 and 40,000. 7.4% of these households raised above 50,000. Fund raisings, from the findings of this study, were not popular in the area. People cited low turnout of guests and in turn little amounts of money raised. This nevertheless did not deter some of them from pursing this option. A few of them organized harambees and raised some money albeit little, that helped finance their dependents' university education. According to Respondent 1 a key informant, some households have organized fund raisings and raised money that helped their dependents in the university. According to respondent 2, another key informant, harambees don't do too well in Ombeyi area. Most households therefore struggle individually to raise money using other means but don't rely on fund raisings. According Respondent 4, a key informant, harambees are common but not so popular because the money raised is often too little. People organize harambees with the hope of getting a substantial amount of money, but they end up disappointed. Responded 5, a key informant, said education is a private affair and every parent should educate their children and not involve the community because the benefits of educating the child will only be enjoyed by the family.

4.2.7 The leasing of land to raise university education funds

In an effort to finance university education of their dependents, some household heads lease their land to people for farming while some (especially those who don't own land) lease land from other people in order to grow cash crops, which are mainly rice, sugarcane and arrowroots. All the household heads that were interviewed had either leased out their land or leased from a landlord.

60.3% of them had rented out their land while 39.7% had leased from a landlord. According to an assistant chief, people who own relatively big land lease some of it and they get paid after each harvest while those without land lease it from the landlords and cultivate it, sell their produce and use the proceeds to finance university education.

Table 4.7 Land leasing to raise educational funds

Leased	**Frequency**	**Percent**
Leased to someone	35	**60.3**
Leased from someone	23	**39.7**
Total	**58**	**100**

Source (Field survey data, 2018)

4.2.8 Proceeds from businesses

21% of household heads engaged in various businesses to raise money in order to finance their dependents' university educational costs. The businesses they engaged in included shop keeping, tailoring, and carpentry, food business like cereals and perishable foods, and transport among others. Cereals business, especially rice was particularly done by many household heads because it was a readily available commodity grown in most of the farms. Surveys by FSD (2015) and Zollman (2016) reported that because credit is still mainly informal in Kenya, people rely on their own savings. This was corroborated by the findings of this study that savings made from the proceeds of businesses were used in financing university education.

4.2.9 Proceeds from farming

A majority of household heads (60%) engaged in farming as a way of raising money for to finance their dependents' university education. Rice, sugarcane, maize and arrowroots were the commonest crops cultivated in this area from the findings of this study. The key informants confirmed that the land in Ombeyi ward was fertile and that crops did well. This supported Obiero et al's statement that sugarcane and rice are grown in the area as cash crops with sugarcane being the most popular cash crop, followed by rice then maize (Obiero et al, 2012). Most of the household heads said they educated their dependents using proceeds from agricultural activities because they owned land that was passed down to them by their parents or grandparents and therefore it was easy to till it and furthermore, the land being fertile, guaranteed a harvest. According to respondent

5, a key informant, the crops grown in Ombeyi like rice and sugarcane have ready market and this is an important aspect for the farmers.

4.2.10 Savings from salaries

14% of the household heads were in formal employment and they said that they used the savings from their salaries to finance their dependents university education. The main formal employers were the teachers service commission (TSC) that employed the teachers, the agricultural irrigation board and a private clinic. 91% of the household heads that were in formal employment said their salaries also helped them a great deal because they enabled them access loans from the banks. This corroborates Wang & Moll's statement that rural households are restricted to internal mechanisms of raising school fees, such as private savings (Wang & Moll, 2010).

4.2.11 Wages

5% of the household heads worked as casual laborers and from these jobs, they saved money to finance their dependents' university education. One of them who had attained primary education said it was so challenging to raise the finances needed for the familial needs and university education at the same time. He said he was a casual laborer because he had no other skills that could enable him get a formal job that pays well and can enable him acquire a bank loan to smoothly educate his child but he appreciated the availability of casual jobs saying they could not engage in anything else as he did not own land for agriculture. Another casual laborer said the wages he is paid for his work is usually meagre and so he has to go an extra mile and re-harvest rice from the already harvested rice which he sells at a very low price. Respondent 6, a key informant said, the very poor people who don't have proper education that can secure them a good job usually work as casual laborer and they mostly work in the farms in Ombeyi area.

4.2.12 Financial assistance from politicians

A few household heads cited approachable and understanding leaders as the reason they sought and received financial assistance from politicians. They said that their politicians listened to their need and acted accordingly. And even though the financial assistance was not much, they appreciated it. Some however said they had desired such help but were unable to reach to the politicians because they were neither friends not related to them and this made it very difficult to meet them. One respondent, a household head said that if one had no proper connections with the politicians, they were unlucky but if they are related to them or are friends, then they had higher chances of getting funds to educate their children through the university.

4.3 Factors that influence the choice of financing strategy

Different financing strategies were deployed by the households and their deployment were influenced by different factors. Some households found particular strategies better and easier to use than others while some were easy to access and these, among other factors, informed their choice of financing strategy used.

4.3.1 Most effective strategy

Different financing strategies worked differently for the households. Asked what financing strategy was most effective, 55.2% of the household heads said cash crop farming was the most effective university financing strategy. 13.8% said bank loans were the most effective financing strategy and according to 10.3% selling livestock was a very effective strategy while 5.2% said that selling their land was the most effective way of raising money to finance their dependents' university education. According to 8.6% of the household heads, the financial help they got from family and friends was the most effective. 3.4% of the household heads interviewed said that savings from their business was the most effective private financing strategy for their dependent's university education. 1.7% said ROSCAs were an effective financing strategy and another 1.7% said the financial help they got from NGOs was the most effective.

Table 4.8 Most effective strategy

Financing strategy	**Frequency**	**Percent**
Selling land	3	5.2
Selling livestock	6	10.3
Cash crop farming	32	55.2
Bank loans	8	13.8
Business	2	3.4
Friends and relatives	5	8.6
ROSCAS	1	1.7
NGO	1	1.7
Total	**58**	**100.0**

Source (Field survey data, 2018)

These financing strategies were corroborated by the key informants. Respondent 4 a key informant said that cash crop farming had always been deployed by a majority and had been effective most of the time, though there are seasons that crops don't do too well because our agriculture is rain-fed. Respondent 6, a key informant said, even the poorest are able to engage in cash crop farming by leasing land and cultivating it. According to respondent 7, a key informant, Rice farming and cane farming are very popular in Ombeyi ward because the soils and climatic conditions favor them and to top it up, there is a ready market for the two commodities. Respondent 2, a key informant, said that most parents who have children in the university have engaged in cash crop farming and they say it has greatly helped them retain their dependents in the university. Cash crop farming from these findings, had greatly helped in financing university education because it was cited as the best especially for those who grew rice and sugarcane.

4.3.2 Unreliable strategy

Some strategies were deemed unreliable but were deployed nevertheless, to complement the government funding. Of the 58 heads of households that were interviewed, a majority, 43.1% said harambees or fund raisings were an unreliable financing strategy for university education. According to 12.1%, proceeds from cash crop farming were an unreliable financing strategy. Another 12.1% said that selling of their livestock was unreliable while 6.9% said that financial help from friends and relatives was not a reliable financing strategy. Another 6.9% said that proceeds from their businesses was not a reliable strategy to finance university education. 5.2% of them said that selling their land was not an effective way of financing their dependents' university education. 3.4% of them said leasing of land was an unreliable financing strategy while another 3.4% said that selling food crops was not a reliable strategy to finance a child's university education. According to 1.7%, selling household equipment like machines was unreliable and another 1.7% said casual labour did not give substantial income that could enable him finance university education therefore it was not reliable, and that sometimes there was no work, making it highly unreliable. 1.7% of them also said mobile phone loans like 'm-shwari' was not a reliable strategy because the loan she got from it was little and had to repay it within one month, and another 1.7% said loans from ROSCAs was not a reliable financing strategy because the money one gets at any particular time is so little that cannot cover any meaningful costs of the university.

Table 4.9 Unreliable financing strategy

Financing strategy	Frequency	Percent
Selling land	3	5.2
Selling livestock	7	12.1
Cash crop farming	7	12.1
Business	4	6.9
Harambee/ fundraising	25	43.1
Leasing land	2	3.4
Casual labour	1	1.7
Friends and relatives	4	6.9
Selling machines	1	1.7
Selling food crops	2	3.4
Mobile phone loans	1	1.7
ROSCA	1	1.7
Total	**58**	**100**

Source (Field survey data, 2018)

Respondent 2, a key informant said that selling of land and other assets may not be so reliable because they get exhausted. Respondent 5, another key informant said, harambees are not supported well in Ombeyi ward and people say they also have financial struggles so it becomes difficult to help others raise funds for education which is seem as a private affair. Respondent 6, a key informant said harambees in most cases are not reliable, the money raised is often too little and people say they have their own financial burdens and so they don’t help others much. KI 3 said, financial help from friends and relatives is not a reliable strategy of financing university education. In most cases, these relatives too have personal financial issues.

4.3.3 Strategies they wished they could deploy

Of the 58 household heads that were surveyed, 91.4% (53) of them had a financing strategy in mind that they might have wanted to use but were unable to due to different reasons. 8.6% (5) of them said they had deployed all the possible financing strategy they might have wanted to use.

Of the 53 household heads that answered ‘yes’ to this question, 35.8% said they had wished to have been able to get a bank loan but were unable to. 20.8% wished that they could have deployed fundraisings or harambees had it been embraced in Ombeyi. 11.3% wished they could have engaged in cash crop farming because it was considered to generate more money than other strategies, to enable them raise funds to finance their dependents’ university education. 9.4% wished they got a business opportunity to enable them raise funds to finance university education and another 9.4% wished NGOs could chip in and help them to finance university education. 5.7% of them wished the government could do more for them while 3.8% wished they could belong to a community savings and loaning facility, ‘table banking’. 1.9% of them wished they could get a well-wisher to help them finance their dependents’ university education and another 1.9% wished they could engage in livestock farming so as to enable them finance university education for their dependents.

Table 4.10 Strategy they wish they could deploy to finance university education

Financing strategy	**Frequency**	**Percent**
Cash crop farming	6	**11.3**
Bank loans	20	**37.7**
Harambees/ fund raising	10	**18.9**
Business	5	**9.4**
Well wisher	1	**1.9**
NGO	5	**9.4**
Table banking	2	**3.8**
Livestock farming	1	**1.9**
Government funding	3	**5.7**
Total	**53**	**100**

Source (Field survey data, 2018)

18.9% were unable to deploy their desired financing strategies (harambees) because they are not embraced in Ombeyi ward. There is very little support one gets by organizing a fundraising and this in mainly because education is considered a personal affair and therefore each household needs to struggle independently because the other families too have financial burdens. 37.7% wished they could access bank loans and out of these, 13.2% said they lacked collateral to enable then access bank loans while 11.3% of them said the high interest rates on bank loans deterred them from applying for loans. 9.4% said they were unbanked and this was because of their meagre and unpredictable incomes. 1.7% of them said that the caveat on age limit was a deterrence to them accessing bank loans. 18.9% cited the lack of capital to start up a business as a hindrance to venturing into businesses. 1.9% of the interviewed household heads said they lacked adequate skills and literacy and therefore were not in a position to get into formal employment. 7.5% said they had no connections and links to enable them get financial help from politicians and NGOs. 1.9% said their medical conditions deterred them from horticulture which they desired to engage in because of its prospects and 5.7% were unable to get financial help from an NGO because there wasn't any NGOs that finance education in the ward at that time. 5.7% had wished they could get more help from the government but cited CDF unreliability and nepotism as hindrances to this financing strategy. This revealed to the researcher that not all the students whose names were in the CDF list got the government financial aid. 22% of the household heads said there was inconsistency in receiving the CDF aid. One respondent answered bitterly on phone when the researcher called her to schedule an appointment. She asked why the CDF gave out her phone number as a parent of a beneficiary of the fund yet the student received the fund just once and efforts to get subsequent funds had been futile. This further substantiates that the poor depend on the government aid to finance university education, without which, they are stressed.

Table 4.11 Reasons for non-use of the financing strategies

Reasons	**Frequency**	**Percent**
No links with politicians	4	**7.5**
Harambees aren't embraced	11	**20.8**
Conditions form banks	20	**37.7**
Lack of capital	10	**18.9**
Lack of adequate education and skills	1	**1.9**
Medical conditions	1	**1.9**
No NGO in Ombeyi ward	3	**5.7**
CDF unreliability and nepotism	3	**5.7**
Total	**53**	**100**

Source (Field survey data, 2018)

4.3.4 Factors that influence the financing strategy deployed

Asked what influenced the choice of financing strategy they utilized, 46.6% of the cases said they owned land and could cultivate it then use the proceeds to finance university education. 37.9% of the cases said they had supportive relatives, family or friends who were willing to help them finance university education of their dependents. 81.0% of the cases said it was easy to sell household property and this enabled them raise money to finance university education. According to 41.4% of the cases, the leasing of land greatly influenced their decision to engage in agriculture and the proceeds were used to finance university education. 12.1% said the salary from their employment influenced their financing strategy and because it was guaranteed, they depended on it to finance education. 50.0% cited the ease of accessing an informal loan as a factor that had greatly influenced their decision to use money borrowed from ROSCAs to finance their dependent's university education. 20.7% of the cases said the proceeds from their businesses inspired their decision to use to finance university education. 16.2% said the availability and ease to find a casual job influenced their choice of financing strategy as they used their wages to fund university education. According to 37.9%, the ability to access formal loans from banks and other formal institutions like Saccos influenced their choice of financing strategy while 32.8% of the cases said the ability to organize a fundraising or harambee influenced their choice of financing strategy. 5.2% of the cases said approachable politicians influenced them to seek financial help from politicians while 1.7% said they were introduced to an NGO outside Ombeyi ward and this influenced the deployment of this strategy to finance university education.

According to respondent 1, a key informant, ROSCAs are available in Ombeyi and many have benefitted from it. KOSALO table banking has also helped many finance their children's university education. Respondent 2, a key informant said the fact that it was easy to sell property like land and livestock helped parents raise money and that people with assets could use them as collateral to get loans from the bank and that some relatives are supportive, loving and even obligated to finance university education of these students. The key informant further added that such students have relatives who are financially stable and maybe wealthier and therefore capable to help them in finance university education alongside the financial help from the government.

Respondent 3, a key informant said that the community too is friendly and for that reasons, have come together in harambees and raised a lot of money to help these students. Another key informant said many parents have taken advantage of the ease of selling off land and livestock while some take advantage of areas' climatic conditions and fertile soils and engaged in sugarcane farming. Sugarcane takes 18 months to mature and the proceeds from it is very good.

Table 4.12 Factors that influence deployment of various strategies

Reasons for use	**Number of Responses**	**Percent**
Own some land for farming	27	**46.60%**
Supportive family and friends	22	**37.90%**
Ease of selling property	47	**81.00%**
Availability of land to lease	24	**41.40%**
Salary from employment	7	**12.10%**
Ease of accessing an informal loan	29	**50.00%**
Income from my business	12	**20.70%**
Availability of casual jobs	10	**16.20%**
Ability to access formal loans	22	**37.90%**
Ability to organize a fundraising	19	**32.80%**
Approachable politician	3	**5.20%**
Help from NGO	1	**1.70%**
Total	**223**	**348.50%**

Source (field survey data, 2018)

4.4 Relationship between private financing and retention in the university

Asked whether their dependents were in school at the time of the study, 87.9% of them answered 'yes' but 12.1% of them answered 'no'. The students who were not in school at the time of the study had been sent home because their accounts were in arrears. The relationship between cost sharing or private financing and retention according to Penrose, is a negative one as students are sent home over nonpayment of school fees (Penrose 1998). This was substantiated by the findings of this study that 12.1% of the students had at the time of the study been sent home because of some fee balances. But all the students were at the time of study still enrolled at the university. 89.7% of the household heads believed that the private financing strategies they deployed alongside the government funding, had enabled their dependents be retained in the university, while 10.3% said that sometimes, these financing strategies did not enable them to always stay in school. Respondent 17, a household head, said that the government should be a bit more considerate of the families that are extremely poor because some of them can easily give up because of inability to comfortably afford the high university costs, which are not covered by the government. This confirmed respondent 5, a key informant's information, who said that in some cases, students are forced to stay home as their parents or guardians look for more money. They miss out on classwork and this leads to poor performance. Poor households are not homogenous and for that reason, individual students or households' financial needs should be taken into account by the government when offering financial assistance to the students. This means that equity considerations must be well-thought-out particularly for students who hail from rural unprivileged households (Gichuhi, 2015; Machika & Johnson, 2014). Consequently, it is important for institutions of university education to recognize the needs of economically under-resourced students are so as to best support their educational and academic requirements (Machika & Johnson, 2014).

Table 4.13 Is the student currently in school?

Response	Frequency	Percent
Yes	51	87.9
No	7	12.1
Total	58	100

Source (field survey data, 2018)

Table 4.14 Has the student dropped out of school?

Response	Frequency	Percent
No	58	100
Yes	0	0.00
Total	58	100

Source (field survey data, 2018)

4.4.1 Role of the government financial interventions

The government is the main financier of university education and this is done mainly through taxation (GOK, 2015). All the students from these households were beneficiaries of government financial aid to finance their university education. According to business daily (2016), a majority of Kenyans, especially those from poor backgrounds would never have made it through university were it not for the financial cushion that the government through HELB loans and bursaries provide. Lomaria (2012), also indicated in his study that bursaries, student loans, parents education, occupation and income, have a major influence on undergraduate student persistence in public universities.

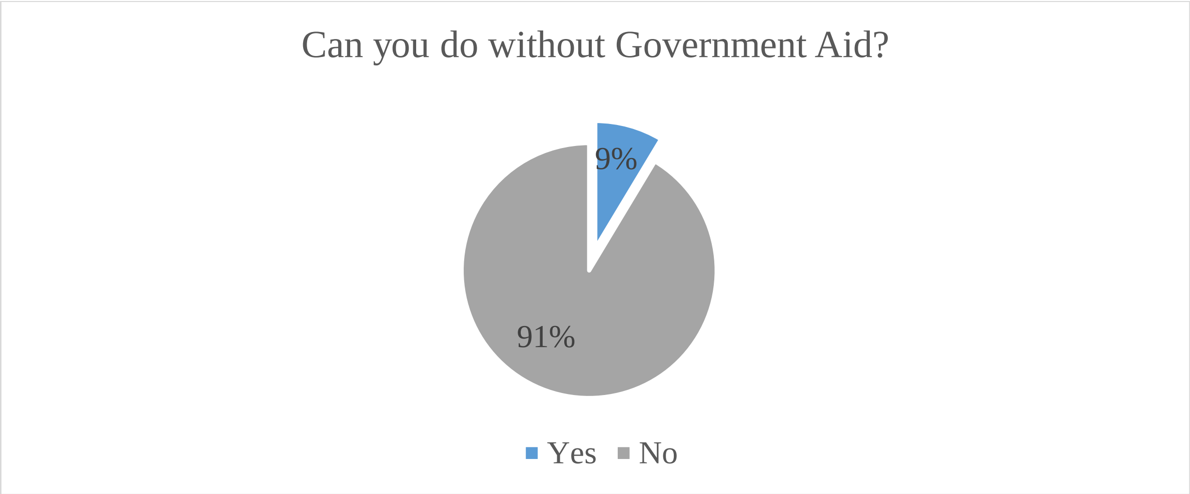
The household heads that were interviewed acknowledged the pivotal role of the government aid through the higher education loans board (HELB), the constituency development fund, (CDF) and the county government bursary (CDF). In fact 91.4% said that their children were in school mainly because of the aid from the government and they had to work hard to supplement it so that their dependents could stay in school.

Table 4.15 Role of Government financing

Can you do without government aid?	Frequency	Percent
Yes	5	8.6
No	53	91.4
Total	58	100.0

Source (Field survey data, 2018)

Chart 4.12 Role of government funding



Source (Field survey data, 2018)

University education is financed by public and private funds where private outlays supplement public funding in many developing countries (Vegas et al, 2011). This was corroborated by the findings of this study that the private financing only comes in to supplement what the government is already financing. 91% of the household heads said that it would be impossible for them to finance their dependents university education single handedly, without financial help from the government.

The theory of access to finance and development is therefore reinforced in this study. This theory proposes that the human and physical capital accumulation of the poor is constrained due to lack of access to finance (Beck & Demirguc-Kunt, 2008). The economic value of the qualities and abilities of labor that impact on productivity is what is referred to as human capital. These qualities comprise among several aspects, higher education. The response by 91% of the household heads help substantiate and buttress the theory because they said that the private financing alone would not enable their children be in school. This was mainly because their income was low and could not cover all the university costs.

Respondent 3, a key informant, said it is not always the case that the financing of university education done by the parents alone, can suffice. The poor struggle to raise money and without the government aid like the HELB or CDF, majority of our students would not attain university education. Respondent 5, another key informant said, in some cases, students are forced to stay home as their parents or guardians look for more money. They lose out on classwork and this leads to poor performance.

Table 4.16 Occupation against ability to finance university education

Role of government aid cross tabulated against occupation of household head						
		Occupation of the household head				Total
		Business	Formal employment	Casual labour	Farmer	
Finance without government aid	Yes	0	5	0	0	5
	No	12	3	3	35	53
Total		12	8	3	35	58

Source (Field survey data, 2018)

The researcher wanted to find out the link between the occupations of the household heads and their ability to finance university education without government aid. The findings revealed that only household heads in formal employment responded that they could manage paying the university costs without government aid. They all linked this to their consistent salaries and by virtue of this, could access loans from the banks and teachers' Saccos. One of them said, he cherished university education a lot and would go to great lengths to finance it using different private financing modes. Important to note also, is that the household heads who could afford financing university education without government aid, had a maximum of 7 members. One household had 7 members, another had 6, and another had 5 while the rest had 4 and 3 members. The household with the most members had 21.

All the other household heads engaged in farming, casual labour and businesses said that going by the familial needs, they would not afford to pay university fees without aid from the government. 100% of the students were receiving financial help from the government through either the HELB, CDF and CGB or a combination of two. Only 9% of the parents said they could manage to educate their children even without this kind of intervention. 91% however attached so much importance to the government aid and acknowledged that without it, they wouldn't have been able to afford the high costs of university education.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the study

This research project came from the background that the relationship between private financing of university education and retention is a negative one. This means that if the difference between the financial support from the government and the amount of money paid by poor parents or guardians is big, then the students will be sent home over non-payment of school fees, and their retention in the university will be negatively affected.

This research project was framed on two theories, the theory of access to finance and development and the household capital structure theory. The theory of access to finance and development proposes that lack of access to finance by the poor constrains both human and physical capital accumulation (Beck & Demirguc-Kunt, 2008). Meaning that the poor are constrained from investing in the human capital of their offspring (Becker & Tomes, 1962). This research project was also framed on the household capital structure theory. This theory proposes that household financing decisions take into consideration several possible sources of funds. Households may internally finance their activities through the direct use of their stream of income or the consumption of wealth accumulated over time in the form of savings, financial market investments, or other assets. Alternatively, households may enter into debt contracts or into other liabilities, which allow consumption smoothing over their lifetime.

Students from poor households are usually disadvantaged by the education system (Mulongo, 2013), their financial positions bar them from raising funds that enable them be retained in school they as a result, drop out of school and ultimately not enjoy the benefits attached to university education. From this study however, no students had dropped out but their financial positions had kept some of them from school.

The findings of this study corroborate the findings by Gichuhi, (2015) that points to the fact that the public financing of university education is not sufficient to cater for all educational expenses and households have resorted therefore to private financing like community fundraising, selling property to raise money, formal and informal loans, assistance from relatives and so on. The study by Nannyonjo et al (2009) is an additional confirmation that mobilizing funds for tuition for most students is often difficult. The funds do not just come from family and sometimes upto five or more people that include the immediate and extended family usually chip in financially to help a student make their tuition payments (Nannyonjo et al. 2009). Private financing enabled university students from poor households be retained in school as established in this study but with not without the government financial aid. The different private strategies they deploy, regardless of the challenges that come along with them, have successfully supplemented the government funds and enabled the students be retained in the university. The study revealed that more than half of the students were at the time of study pursuing their third and fourth years of study. From the findings of this study, the types of financing strategies deployed were liquidation of valuable assets, financial help from relatives, NGOs, formal and informal loans, fundraisings/harambees, the leasing of land, savings from businesses, salaries and wages and the selling of proceeds from farming. Proceeds from cash crop farming was the most reliable financing mechanism according to a majority of the household heads at 55.2%. This was followed by bank loans at 13.8%, the proceeds from the selling of livestock at 10.3%, financial aid from friends and relatives at 8.6%, proceeds from the selling of land at 5.2%, proceeds from businesses at 3.4% and finally informal loans at 1.7% and NGOs at 1.7%. This still points out to the value of university education and the extents that household heads are willing to go to finance education.

The study also revealed that 41.4% of the interviewed household heads accessed formal loans and this shows that there was financial inclusion happening. Financial inclusion is defined by Sarma (2008) as the procedure that helps and eases the availability, access, and usage of formal financial system for every member of an economy. It is a critical element as access to finance allows economic agents make investment decisions and take part in productive activities like university education and also manage unexpected short-term shocks (Park & Mercado, 2015). Despite formal financial services like banks being accessed by these poor families which is a sign of financial inclusion, some of them are still excluded. Those excluded fall into two categories that is, voluntarily excluded and involuntary excluded. A condition whereby a segment of the population choose not to use financial services because of different reasons like having no need for them or due to cultural or religious beliefs is referred to as voluntary exclusion (World Bank, 2014). The poor households in Ombeyi ward who are voluntarily excluded might include those who generally hate debts, or have other financial sources that they deem sufficient. The cases of involuntary exclusion arise from inadequate or little income and high risk profile due to discrimination and imperfections and market failures. In Ombeyi ward, those that cannot access bank loans because they have no stable income thus no bank accounts and therefore are unbanked and those that lack collateral against which they can secure loans because of poverty, experience involuntary exclusion. There are no banks situated within Ombeyi ward, prompting them to travel far in order to access a bank and this is viewed as another form of exclusion.

The application of the household capital structure theory by Cunha et al., (2006), was important for this study because it explains that households, just like firms, use a combination of equities and liabilities to finance their activities. This entails the use of debt and other liability instruments. Any financial decisions made by the household usually takes into account various possible sources of funds. Sometimes their activities are financed internally using their income or the consumption of wealth that has accumulated overtime in terms of savings, financial help from their relatives, selling household property while some organize harambees. Some approach friends or groups for informal loans and so on. This shows how human behavior is shaped by either their context or individuality. Deploying the variant private financing strategies to finance university education points to the fact that university education is valued and this is linked to its perceived benefits.

A majority of the household heads had attained only a primary education. This is in tandem with the access to finance and development theory which proposes that the poor lack access to finance and this hinders their development in terms of enhancing their education. This was corroborated by respondent 1, a key informant who said that Ombeyi residents have been poor for a long time and most of them did not pay much attention to education because they preferred to work in the Indian sugarcane farms in Miwani. Out of the 58 household heads that were interviewed, 29 had attained primary education while 20 had completed secondary education. Only 8 had attained tertiary education while 1 had no education at all. The very fact that only 8 out of 58 had attained a tertiary education reinforces the theory of access to finance and development. But this only pertains to the household heads, pointing to yester years when education was not valued as it is today. The fact however, that these household heads were ensuring and helping their children pursue university education is a clear indication that they highly value university education which most of them had not attained. The findings of this study also confirm that university education was valued and the perceived educational benefits was the reason the efforts made by poor households in the attainment of university education were so great (Collins et al., 2015) and the assertion by Huston (1995), is also confirmed by this study that household spending on education is a clear indication that it values education. This was clearly brought out by the fact that when the difference between the annual cost of university and annual household income was calculated, 65.5% of the households paid university costs that were above their incomes. 31% of the households paid between Ksh. 100,000 and Ksh. 149,000. 29% of them paid between Ksh 50,000 and 99,000. 16% of the household heads paid between Ksh 200,000 and 249,000 and another 14% of them paid more than Ksh 250,000 and finally 10% of them paid between Ksh 150,000 and 199,000. Comparing the cost of university education and the household incomes, the majority could not cover university fees using just their incomes, instigating the deployment of various other financing strategies. The financing strategies deployed by the household heads also points to the fact that education is greatly valued. Financing a child's university education leaves some households poorer. And just like Gichuhi (2015) found out, 100 percent of the parents in her study were willing to dispose their land and 90 percent of them were willing to dispose their farm produce just to enable them finance university education. Findings of this study also revealed that household heads had disposed their property. It is clear from the findings that these families income alone is not sufficient and the great sacrifice they make to obtain finances using other modes shows the value attached to university education. These modes include the selling of household property like land and livestock, proceeds from cash crop farming, bank loans, savings from businesses, financial help from friends and relatives, ROSCAs and NGOs.

It is eye-catching that all the 58 household heads were investing in university education yet only 8 of them attained tertiary education. This is the greatest demonstration of how much these household heads valued education. Another important aspect is the sacrifice the households made to ensure their dependents got to school. These students got admissions in various universities in the country. The furthest university from Ombeyi ward was Pwani University in Mombasa county, which was 831.8 kilometers apart (1337 miles). The distance between Kisumu and Meru county was 439 kilometers (266 miles). There was no university in Ombeyi ward nor in Nyando sub-county where Ombeyi was situated, meaning the students had to travel some distance to get to their universities and this cost was incurred by the household heads. The fact that 7.2% of these students were pursuing their first year of university means that 92.8% were in their second, third and fourth years and this shows that household utilize different financing strategies to achieve their needs and this meant a strong relationship between the private financing mechanisms deployed, the government aid and retention in the university because 100% of the students from these households were at the time of the study enrolled in the university. None of them had dropped out of school though students from 7 out of the 58 households, had been sent home over some fee balances but their parents were working on sending them back to school.

5.2 Conclusions

Different authors and researchers have found different relationships between private financing of education and participation in school. Some say it is a positive one while others say it is a negative one. This study however found out that the relationship between private financing and retention in the university is a negative one because 91% of the household heads said they were unable to independently or privately finance their dependents' university education without the governments' intervention. The theory of access to finance and development is therefore reinforced in this study.

At the time of the study, 87.9% of the students were actually in school while 12.1% of them were not in school because they had been sent home over fee balances. But 100.0% of the students, at the time of study were still enrolled in the university. This means that the household heads successfully deployed different modes of private financing to supplement the government's funding and enable their dependents to be in the university, thereby reinforcing the household capital structure theory by Cunha et al (2006)

In conclusion, private financing of education from the findings of this study has a negative relationship with retention in the university because it heavily depends on the government support. Some authors posit that private financing strategies do not guarantee retention in school and causes them to drop out. An assertion by Gichuhi (2015) confirms that the cost sharing policy curtailed many Kenyans' dream of pursuing university education especially those from poor households because they were unable to bridge the financial gap not paid by the government and this is supported by Mulongo (2013), that students from poor households are most disadvantaged by the education system and their financial positions bar them from raising funds that enable them attend or be retained in school. They as a result, drop out of school. From this study too, private financing strategies alone, cannot expedite retention in the university. The study revealed that 31.0 percent of the students were in their first and second years of university while 69.0 percent were in their third and fourth year of study. This is a clear indication that the private financing were working well alongside the government aid and guaranteed retention in the university.

This study reinforces the theory of household capital structure which proposes that households engage in the usage of debt and other liability instruments to finance their needs. Financing decisions by the household usually takes into account various possible sources of funds. Households sometimes finance their activities internally using their income or the consumption of wealth that has accumulated over time in terms of savings. Important to note are the private financing strategies which reinforce the household capital structure theory by Cunha et al., (2006). Households borrow money from banks, mobile phone applications, friends and relatives and informal platforms. They also sell household property like land and livestock. Fundraisings too is a strategy deployed by poor households to finance university education. Some politicians help finance university education for these students while other household heads use the savings they make from formal employment salaries. Others engage in business while others in farming and use the proceeds to finance university education. Some families lease their land to tenants and use the rent collected in financing education. Relatives too help these students finance their education corroborating Amatea's (2009) assertion that other family members reverberate accordingly when events touch one family member.

When there is a big difference between the actual cost of education and the government support for the poor, it results in poor students dropping out implicating negatively on their retention. (Otieno, 2004). This study however points to the integral role of private financing in aiding students from poor households participate in university education. The study revealed that 100% of the students were still enrolled in the university at the time of study, meaning none had dropped out of the university, showing commitment of the parents and the level attached to this level of education because of its perceived benefits (Browne 2010, Mulongo 2013, Collins et al., 2015). The actual costs of university education was high but it had not affected retention of most of the students in the university. There is an assumption that the higher the cost-sharing or private financing, the lower the school attendance rate by students from poor households due to affordability, and vice versa (Mbugua, 2009). This simply put, means that the lack of access to finance by the poor constrains human capital accumulation and so it is expected that because the poor households have low incomes, meeting university costs will be a challenge due to affordability. There is still much however that needs to be done in terms of financial inclusion but this study revealed that the poor households are tremendously investing in university education regardless of their meagre incomes.

5.3 Recommendations

Costs of education are a known impediment to the poor and marginalized and this study found a negative relationship between private financing and retention in the university because for the poor households, the governments’ funding was an important factor, without which, 91% of them said they could not afford university education. Empirical literature reveals that university education is valued by Kenyan households because of its perceived benefits (Mulongo, 2013, Browne, 2010, Collins et al., 2015) and this study corroborated this, bringing to the limelight the variant mechanisms and great extents the household heads were willing to go just to ensure their children attain a university education. The researcher would therefore like to recommend the following;

The criteria in which the loans and bursaries are awarded has been considered completely inadequate due to some related flaws like incompetent authentication system for the needy cases. The targeted bursary, CDF distribution procedures are in some instances not transparent and accountable to accommodate the needy students and the HELB loans are neither enough to cover all educational expenses. The funding received from the government (HELB, CDF, CGB) faces the challenge of determining the economic status of students and the temptation of being corrupt. This is true given that in the past, it has benefited wealthier citizens because they are connected with HELB or CDF officials rather than the poor whom the fund was initially meant to target (Johnstone 2004). The CDF and HELB should device creative mechanisms or identifying and awarding adequate and commensurate bursaries and loans to all needy students.

The government needs to install mechanisms that cushion the vulnerable by expanding the available aid programmes for students and ensuring that strictly, only students from financially needy households are supported by public funds (Otieno 2004). They should do background checks, in liaison with the area chiefs, assistant chiefs, village elders and the community health workers (CHVs), who can get in depth information on the households and these leaders too should be able to make follow ups and ensure the needy and bright students receive adequate public financial aid. The poor students who miss or do not get enough financial aid from the government, resort to coping strategies that might affect their performance in school for example when they take too much time doing business to raise money as opposed to attending classes. It might also put them in compromising situations or put their lives in danger because studies have shown that some cohabit with financially endowed counterparts who might take advantage of them while some students engage in commercial sex for subsistence.

The sustainable development goal number four focuses on quality education that is both inclusive and equitable. It also advocates for educational opportunities for all. Target 4.3 specifically aims to see to it that there is equal access for all women and men to affordable and quality technical, vocational and tertiary education including university. My recommendation is that the government should give financial aid to poor students taking into consideration their levels of poverty. It is true that the degree of private household expenditure at the university level of education is dependent on the broader government financing policy. The government needs to install mechanisms that cushion the vulnerable by expanding the available aid programmes for students and ensuring that strictly, only students from financially needy households are supported by public funds.

Another recommendation is that, poor single parents should get more financial aid from the government. The efforts made by the parents from this study are extensive and this means that single parents have to go an extra mile to cover university costs. This study revealed that 43.1% of the household heads were widowed. Most of the widowed parents from the study were females. This is a big proportion that if not taken care of, the financial burden might overwhelm them.

The government, the private sector and other stakeholders need to ensure financial inclusion especially of the involuntarily excluded, as access to finance is seen to aid the poor in investing in important aspects such as education. Banks should open branches in remote areas and consider flexible student loans. Microfinance institutions should also tap into this opportunity. The researcher would also like to recommend that another study should be undertaken among the university students from Ombeyi ward to establish the financing mechanisms they deploy to sustain themselves in school. Other studies have shown this aspect and therefore, another study should explore this in the area.

Finally, the researcher would like to recommend that well-wishers and NGOs should highly consider Ombeyi ward and financially help the bright but need students who hail from this ward. This will go a long way in achieving sustainable development through quality and accessible university education.

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APPENDICES

Appendix 1

KEY INFORMANT INTERVIEW GUIDE –General Questions

Good day, my name is **Cynthia Akinyi**, a Master of Development (MDEV) student at the Institute for Development Studies (IDS) of the university of Nairobi. I am undertaking my research project on 'Private financing for university education and its implications on participation, evidence from Kisumu county'. I would like to discuss these issues with you and all the information shared will be confidential.

Date of interview……………………………. Time of interview………………………………..

Questionnaire No………………

Name of KI………………………………………………………………………………

Age ……………………………

Level of education……………………………..

Profession …………………………………..

Sub location …………………………………………………………..

Village…………………………………………….

1. **Information about Ombeyi ward and university education**
   - ❖ Ombeyi ward has the lowest proportion of population with a secondary education or above in Muhoroni constituency. In your opinion, why is that the case?
   - ❖ Are there students who have dropped out of the university in Ombeyi ward?
   - ❖ Are there any development partners in Ombeyi ward that help finance students university education?

   Name them………………..

2. **Households for the study**
   - ❖ What kind of households are considered poor in Ombeyi ward?
   - ❖ Which kind of households receive financial help from the government? (CDF or CGB)
   - ❖ Are there students who despite qualifying for such financial aid, have not received it?

3. **Financing strategies**
    - ❖ HELB, CDF and CGB are not sufficient to cover both direct and ancillary or auxiliary costs of university education. What financing strategies are used therefore by households in Ombeyi ward to supplement the finances towards university education?

4. **Specific strategies**
    - ❖ What strategies are most popular?
    - ❖ What influences the choice of the financing strategies?

5. **Relationship between financing strategies and university attendance**
    - ❖ Do these financing strategies enable students stay in school?
    - ❖ Which strategy/ strategies are the most effective?
    - ❖ Which strategies are ineffective?

Thank you very much for your time.

Appendix 2

QUESTIONNAIRE

Good day, my name is Cynthia Akinyi, a Master of Development (MDEV) student at the Institute for Development Studies (IDS) of the University of Nairobi. I am undertaking my research project on 'private financing strategies for university education and its implications on participation, evidence from Kisumu county'. Your household has been selected for the survey so I'm kindly requesting that you spare 30 minutes of your time so as to answer some questions on this research topic.

There are no foreseeable risks involved in this exercise nor any benefits to you for taking part. You'll not incur any costs nor will you be paid for taking part. All the information that you will share with me, will be treated with utmost confidentiality and will be purely used for academic purpose. Your participation in the exercise is voluntary and you will not be penalized if you choose not to participate.

The research findings will be used in an MDEV project and published in an academic journal. Thank you in advance for sparing your time and for your cooperation. I highly appreciate.

Household characteristics

1. Name of the household head

   ----

2. Contacts________________________________
3. Age of household head_____________________
4. Highest level of education attained by the household head

   No education ☐

   Primary education ☐

   Secondary education ☐

   Tertiary education ☐

5. Occupation/ Source of income

   Business ☐

   Part time employment ☐

   Fulltime employment ☐

Casual labor ☐

Remittances ☐

Farmer ☐

☐

Others (specify) ---

6. Head of household

Mother ☐

Father ☐

Guardian ☐

7. What is the marital status of the household head?

Married ☐

Single ☐

Widowed ☐

Divorced/separated ☐

8. Describe the kind of housing your household owns

Walls----------------------

Floor--------------------------

Roof---------------------------------

9. What is the household's income?

----

10. Does the household own

Livestock	Types	quantity

11. Does the household own land?

Yes ☐

No ☐

12.

Number of people in the household	
Ages of household members	
Household members enrolled in the university	
Name of university	
Year of study	

Financing strategies

13. What is the average annual cost of your dependent's university education?

----

14. Does the student receive financial support from an NGO?

Yes ☐

No ☐

If yes, which NGO? --

How much?

----

15. Is a relative helping in raising funds for the student's education?

Yes ☐

No ☐

If yes, please explain

Relationship ---

16. Have you ever sold a household property to finance the student's education?

Yes ☐

No ☐

If yes, please explain

What property did you sell? ---

---------------Was it sufficient? ---

----

17. Have you ever taken a loan from a formal institution (bank or Sacco) to finance the student's university education?

    Yes ☐

    No ☐

If yes please explain

institution.………………………………………………………………………………

…………………………………………………………………………………………

were the funds sufficient?

…………………………………………………………………………………………

………………………………………………………………………………………

18. Have you ever borrowed an informal loan (roscas/chama) to finance the student's university education?

Yes ☐

No ☐

If yes please explain

…………………………………………………………………………………………

………………………………………………………………………………………

19. Have you ever fundraised (harambee) to finance the student's university education?

    Yes ☐

    No ☐

    If yes please explain --

20. What other strategies have you deployed in financing university education for a member of your household?

Determinants of financing strategies used

21. What factors influence the choice of the financing strategy deployed by your household?

Have the financing strategy or strategies enabled your dependent stay in school?

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22. Which of the strategies is most effective?

----

23. Which of the strategies isn't reliable?

----

24. Is there a financing strategy that you might have wanted to use but were unable to?

Yes

No

If yes, which one?

Why were you unable to use this financing strategy?

Participation

25. Is your dependent currently attending school?

Yes ☐

No ☐

If no, why not?---

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26. Has your dependent dropped out of school?

Yes ☐

No

If yes, why? ---

27. Can you afford the university's costs without the government's intervention through HELB, CDF, or CGB?

Yes

No

28. Would your dependent be in school were it not for the government's intervention?

Yes

No

Thank you very much for your time and cooperation.