

**DETERMINANTS OF PRIVATE SECTOR PARTICIPATION IN THE  
IMPLEMENTATION OF PUBLIC PRIVATE PARTNERSHIPS PROJECTS IN KENYA. A  
SURVEY OF PUBLIC-PRIVATE PARTNERSHIPS BASED IN MOMBASA COUNTY**

**NG'ANG'A NAOMI WACERA**

**A Research Project Submitted in Partial Fulfilment of the Requirements for the Award of the  
Degree of Master of Arts in Project Planning and Management of the University of Nairobi**

**2018**

**DECLARATION**

I declare that this research project is my original work and has not been submitted for academic award in any other university

Signature: ..... Date.....

**NG'ANG'A NAOMI WACERA**

**L50/84813/2016**

This research project has been submitted for examination with my approval as the University Supervisor.

Signed ..... Date.....

**MR. JOHN BOSCO KISIMBII**

**Lecturer, School of Open and Distance Learning,  
University of Nairobi**

## **DEDICATION**

This research project is dedicated to my parents, Mr and Mrs James Ng'ang'a Kuria for their endless love and support through my education journey.

## **ACKNOWLEDGEMENT**

I sincerely thank my supervisor, Mr. Johnbosco Kisimbii who guided me through the project up to its successful conclusion. My appreciation goes to University of Nairobi School of Continuing and Distance Studies for providing me with the necessary resources required without which I would not have been able to accomplish this study. I would also like to acknowledge the great input from my colleagues at my work place and my fellow classmates who have supported and encouraged me throughout my study time. My appreciation also goes to the two assistants who helped in data collection. Lastly but not least, I wish to acknowledge the support of my family during my study time. To all the above group of individuals, I will forever remain indebted.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>iv</b>
<b>TABLE OF CONTENTS</b> .....	<b>v</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>LIST OF FIGURES</b> .....	<b>x</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>xi</b>
<b>ABSTRACT</b> .....	<b>xii</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study .....	1
1.2 Statement of the problem .....	5
1.3 Purpose of the Study .....	7
1.4 Objectives of the Study .....	7
1.5 Research Questions .....	7
1.6 Research Hypothesis .....	8
1.7 Significance of the Study .....	9
1.8 Basic Assumptions of the Study .....	10
1.9 Limitations of the study .....	10
1.10 Delimitations of the study .....	10
1.11 Definition of Significant Terms .....	10
1.12 Organizational of the Study .....	11
<b>CHAPTER TWO</b> .....	<b>12</b>
<b>LITERATURE REVIEW</b> .....	<b>12</b>
2.1 Introduction.....	12
2.2 Private Sector Participation in the Implementation of Public Private Partnerships Projects...	12
2.3 Project Funding and Implementation of Public Private Partnerships Projects .....	13
2.4 Technological Requirement and Implementation of Public Private Partnerships Projects .....	16
2.5 Ease of Doing Business and Implementation of Public Private Partnerships Projects.....	18

2.6 Project Period and Implementation of Public Private Partnerships Projects .....	20
2.7 Government Policies and Implementation of Public Private Partnerships Projects .....	22
2.8 Theoretical Framework.....	24
2.8.1 The Agency Theory .....	24
2.8.2 The Resource Dependence Theory .....	25
2.8.3 Social Exchange Theory .....	25
2.9 Conceptual Framework.....	26
2.10 Research Gap .....	28
2.11 Summary of Literature Review.....	30
<b>CHAPTER THREE .....</b>	<b>32</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>32</b>
3.1 Introduction.....	32
3.2 Research Design.....	32
3.3 Target Population.....	32
3.4 Sampling Procedure .....	33
3.5 Methods of Data Collection .....	34
3.6 Pilot-testing of the Research Instrument.....	34
3.6.1 Validity of the Research Instrument .....	35
3.6.2 Reliability of the Research Instrument .....	35
3.7 Data Collection Procedures.....	35
3.8 Data Analysis Techniques.....	36
3.9 Operationalization of Variables .....	37
3.10 Ethical Issues .....	40
<b>CHAPTER FOUR.....</b>	<b>41</b>
<b>DATA ANALYSIS, PRESENTATION AND INTERPRETATION .....</b>	<b>41</b>
4.1 Introduction.....	41
4.2 Questionnaire Return Rate .....	41
4.3 Reliability Analysis.....	41
4.4 Demographic Characteristics of the Respondents .....	42
4.4.1 Highest Level of Education .....	42
4.2.4 Period with Public-Private Partnerships .....	42
4.5 Determinants of Private Sector Participation.....	43

4.5.1 Project Funding .....	43
4.5.2 Technological Requirements .....	45
4.5.3 Ease of Doing Business .....	47
4.5.4 Project Period.....	49
4.5.5 Government Policies .....	51
4.5.6 Private Sector Participation.....	52
4.6 Inferential Statistics .....	53
4.6.1 Pearson Moment Correlation Results .....	53
4.8.2 Regression Analysis.....	55
4.8.3 Regression Analysis with Moderating Variable .....	57
<b>CHAPTER FIVE .....</b>	<b>60</b>
<b>SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>60</b>
5.1 Introduction.....	60
5.2 Summary of the Findings.....	60
5.3 Discussions of the Findings .....	61
5.3.1 Project Funding.....	61
5.3.2 Technological Requirements .....	62
5.3.3 Ease of Doing Business .....	63
5.3.4 Project Period.....	63
5.3.5 Government Policies .....	64
5.4 Conclusions.....	64
5.5 Recommendation of the Study.....	66
5.6 Suggestions for Further Research .....	67
<b>REFERENCES.....</b>	<b>69</b>
<b>APPENDICES.....</b>	<b>76</b>
Appendix I: Letter of Transmittal .....	76
Appendix I: Research Questionnaire .....	77
Appendix III: Research Work Plan.....	82
Appendix IV: Estimated Research Budget .....	83





## LIST OF TABLES

Table 2. 1: Knowledge Gap .....	28
Table 3. 1: Target population.....	33
Table 3. 2: Sampling frame.....	34
Table 3. 3: Operationalization of Variables .....	38
Table 4. 1: Reliability Analysis .....	41
Table 4. 2: Highest Level of Education .....	42
Table 4. 3: Period with Public-Private Partnerships .....	43
Table 4. 4: Project Funding Influence on Participation in Implementation of PPP projects .....	43
Table 4. 5: Project Funding Influence on Participation in Implementation of PPP projects .....	44
Table 4. 6: Crosstabulations of highest Level of Education and Project Funding.....	44
Table 4. 7: Technological Requirements Influence on Implementation of PPP projects .....	45
Table 4. 8: Technological Requirements Aspects Influence on Implementation of PPP projects ....	45
Table 4. 9: Crosstabulations of highest Level of Education and Technological Requirements .....	46
Table 4. 10: Ease of Doing Business Influence on Implementation of PPP projects .....	47
Table 4. 11: Ease of Doing Business Attributes Influence on Implementation of PPP projects .....	48
Table 4. 12: Crosstabulations of Experience and Ease of Doing Business .....	48
Table 4. 13: Project Period Influence on Participation in Implementation of PPP projects.....	49
Table 4. 14: Project Period Aspects Influence on Implementation of PPP projects.....	50
Table 4. 15: Crosstabulations of Experience and Project Period.....	50
Table 4. 16: Government Policies Influence on Implementation of PPP projects.....	51
Table 4. 17: Government Policies Aspects Influence on Implementation of PPP projects .....	52
Table 4. 18: Trend of Private Sector Participation .....	53
Table 4. 19: Correlation Coefficients.....	54
Table 4. 20: Model Summary .....	55
Table 4. 21: Analysis of Variance (ANOVA) .....	55
Table 4. 22: Regression Coefficients .....	56
Table 4. 23: Model Summary .....	57
Table 4. 24: Analysis of Variance (ANOVA) .....	57
Table 4. 25: Regression Coefficients .....	58

## LIST OF FIGURES

Figure 2. 1: Conceptual Framework .....	27
---	----

## **ABBREVIATIONS AND ACRONYMS**

<b>BOT</b>	Build– Operate–Transfer
<b>EIA</b>	Environment Impact Assessment
<b>GOK</b>	Government of Kenya
<b>ICT</b>	Information Communication Technology
<b>JKIA</b>	Jomo Kenyatta International Airport
<b>PPPs</b>	Public Private Partnerships
<b>UNESCAP</b>	United Nations Economic and Social Commission for Asia and the Pacific
<b>WHO</b>	World Health Organization

## ABSTRACT

Many countries are facing unprecedented fiscal problems and are unable to devote the resources necessary to properly expand and maintain infrastructure. It is against this backdrop, most governments and local governments are turning to the private sector for assistance with the design, financing, construction, maintenance and operation of critical infrastructure facilities. However, these partnerships may frequently fail to achieve their intended goals due to the difference in the goals and approaches of the different partners. The purpose of this study was to find out the determinants of private sector participation in public private partnerships in Kenya focusing at public-private partnerships based in Mombasa County. The study was guided by the following objectives: to determine the influence of project cost, technological requirements, ease of doing business, project period and government policies as a moderating factor on private sector participation in public private partnerships in Mombasa County, Kenya. The study was grounded on the agency theory, the resource dependence theory and social exchange theory. A descriptive research design of quantitative method of data was adopted in this study. The target population of the study composed of various stakeholders in the PPPs including government representatives from the concerned ministries, PPP unit officials, project managers of the private partners and county government officials adding up to 252. Stratified sampling was used to ensure representation from the different stakeholders constituting the strata. Through simple random sampling, 152 respondents were picked from the strata using the ratio of 0.603 computed by dividing 152 with 252. Questionnaires were used for this study because there is low cost involved even when the universe is large and is widely spread geographically and are free from the bias of the interviewer. After the questionnaires are returned, the raw data collected was cleaned, edited, coded and tabulated in line with the study objectives. The quantitative data collected using the closed ended items of the questionnaire was assigned ordinal values and analyzed using statistics of frequency tables, percentages, mode and median. The organized data was then used in testing objectives of the study. Data was analyzed using Statistical Package for Social Sciences (SPSS Version 25.0). The qualitative data from the open-ended questions were analyzed using conceptual content analysis. Inferential data analysis was done using Pearson correlation coefficient and regression analysis (multiple regression analysis). After data analysis presentation was made using tables. The study found that private sector participation in public-private partnerships in Kenya are greatly affected by the huge capital outlay, risk and risk management as well as timeliness in government funds and that delay in systems, length of project cycle greatly influences private sector participation in public-private partnerships in Kenya. The study concluded that funding had the greatest influence on private sector participation in PPPs followed by government policies then technological requirements then project period while had the ease of doing business then least effect on the private sector participation in PPPs. The study recommends that Government should ensure that Contracting Authorities are adequately funded to undertake relevant studies for effective implementation of PPPs, that government should promote the transparency in the different phases of Public-Private-Partnership projects through a legislative action and combat corruption and that government should also foster the private participation in Public-Private-Partnership projects, develop a strong and independent monitoring unit for the maintenance of the project, ensure the proper allocation of the risk by including risk-management experts, include private partners from the beginning of the project and provide economic incentives.

**Key Words:** Project funding, Technological requirements, Ease of doing business, Project period, Government policies, Private sector participation in the implementation of public private partnerships projects.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Public Private Partnerships (PPPs) are collaborations between public entities (governmental agencies) and private sector companies. PPPs are defined as contractual agreements between a public agency or public-sector authority and a private-sector entity that allow for greater private participation in the delivery of public services, or in developing an environment that improves the quality of life for the general public (Witters, Marom & Steinert, 2012). The private sector, in such partnerships, implements projects or provides services that would traditionally be provided by public entities. These partnerships provide an alternative method of procurement for large public infrastructure projects especially for governments that are short of funding. Further, these partnerships are important for addressing complex social issues such as poverty, crime, and economic development which cannot be managed by a single entity and therefore require collaborations across multiple organizations (Austria, 2013).

Public Private Partnerships describes a relationship in which public and private resources are blended to achieve a set of goals judged to be mutually beneficial to both the private entity and the public. A partnership between a public entity and private company is a strategy used to attain certain public sector needs and goals. Such partnerships have tremendous potential and as such are mandated by donors and funders, expected by local communities and assumed by policy makers to be the best way of working on social problems (Koschmann, Kuhn & Pfarrer, 2012). Hodge and Greve (2013) describe these partnerships as a globally popular strategy for governments to deliver public infrastructure. These partnerships are usually long-term engagements which governments and public entities participate in order to meet their citizen's needs. They are used as an alternative source of funding for the government (Koimett, 2013).

Through working in partnership with the private sector, governments can benefit from the strong incentives for private firms to keep costs down. Often, private firms can avoid the bureaucratic problems that plague national and municipal governments, and they can experiment with new technology and procedures. PPPs allow government to extend services without increasing the number of public employees and without making large capital investments in facilities and equipment. Partnering with the private sector gives local governments the ability to take advantage

of economies of scale. By contracting with several suppliers, the government can assure continuity of services, by contracting competitively for services; they can determine the true costs of production. Eschenfelder (2011) argues that the advantages of PPP include the incorporation of the private sector's capital and expertise, the facilitation of conditions for a life cycle optimization of the project, a more customer-oriented service, and the development of new business opportunities. The most relevant disadvantages include higher financial and transaction costs, the negative public perception of tolls, and the complex contractual structure.

In developed countries, the involvement of the private sector in the development and financing of public facilities and services has increased substantially over the past decade. The interest for involving the private sector in service delivery and urban service provision is increasing worldwide. Many reasons are mentioned for the collaboration between private and public sector in provision and developing infrastructure services. These include increased efficiency and flexibility in service delivery, cost efficiency in operation and management, access to advanced technology and availability of expertise (World Bank & UNESCAP, 2011).

Governments and organizations around the globe are struggling with demands and pressures for improvements and reforms in public management and service delivery. Private-sector financing through public-private partnerships has recently become popular as a way of developing public-sector infrastructure, in various sectors such as transportation, social infrastructure, public utilities, government offices, accommodation, and other specialized services such as communications networks or defense equipment (Koschmann, Kuhn & Pfarrer, 2012).

In United States, Emerging works suggest that partnerships have indeed led to substantial gains (Buse & Tanaka 2011) and contributed to addressing these pressing global problems. Yet evidence on whether solutions, succeeding where both states and markets have failed, is far from clear. The cumulative positive impact of partnerships is neither established nor properly tested (Biermann et al. 2007b). Given their diverse nature and ranging focuses, more needs to be done to systematically study the impact of these unique collaborative institutions.

New Delhi has increasingly resulted to the use of private contractors for collection, transportation and disposal and private capital to supplement the mechanization or improvisation process over the years. Also, the engagement of private sector participation has increased from short term contracts to long-term partnership, close to long-term Build- Operate-Transfer concessions being awarded to

the private sector (Chartri, 2012). In Asia, government such as China and India are left with a choice not between a PPP and a conventional procurement project but with a choice between a project and no project at all as a government is unable to finance the project from its own funds. The problem of such a preference for PPPs is that there is a high degree of possibility for approval of projects that do not generate better value for money but are accepted for the financial resources only getting a project procured while having debt off governments' balance sheet (Delmon, 2017).

In developing nations, involvement of the private sector is, in part, linked to the wider belief that public-sector bureaucracies are inefficient and unresponsive and that market mechanisms will promote efficiency and ensure cost effective, good quality services. Another perspective on this debate is linked to the notion that the public sector must reorient its dual role of financing and provision of services because of its increasing inability on both fronts. Under partnerships, public and private sectors can play innovative roles in financing and providing health care service (Koimett, 2013).

In Ghana, partnership has significant potentialities for achieving efficient and effective high-quality health services. It aims to establish a functional integration and sustained operation of a pluralistic health care delivery system by optimizing the equitable use of the available resources and investing in comparative advantages of the partners. It ensures the utilization of the potentials of both the public and private sectors. The need to provide and improve the efficiency of the health system delivery has been gaining attention worldwide. Many countries have introduced reforms with the goal of making health care more effective (Eschenfelder, 2011).

PPPs in South Africa are an important service delivery mechanism because they can facilitate rapid infrastructure delivery as envisaged under the Accelerated and Shared Growth Initiative for South. As the PPP market grows in South Africa, it is clear that the public sector needs to improve its understanding of PPPs and in which sectors they should be pursued, to complement traditional procurement practices it is imperative that the public and private sectors move towards a greater shared vision of the role that PPPs can play in delivering infrastructure and services in South Africa (Engel, Fischer & Galetovic, 2010).

Localized, public-private partnerships have been proposed as a means of reducing these problems with international investment in climate-friendly technologies. Indeed, such civic

environmentalism, or local cooperation with investors may lead to classic win–win situations where investors can successfully transfer a new technology to a new location, and local people can influence the nature and purposes of the investment and technology. Local involvement in public–private partnerships has also been urged as a means of overcoming some of the political standoffs in implementing global environmental agreements. In recent debates, however, some developing countries have criticized the CDM for allegedly encouraging projects such as plantation forestry that may assist global climate change policy simply by sequestering greenhouse gas emissions, but which offer little immediate developmental benefit for people in host countries. Yet, alternative projects that may maximize local benefits, such as investment in industrial technology, or new forms of renewable energy, are commonly considered expensive by investors. Such concerns have worked against the achievement of successful, long-term technology transfer (Koimett, 2013).

In Kenya, Public Private Partnerships (PPPs) are increasingly gaining acceptance as a model of financing projects, improving efficiency, productivity and reducing unemployment. Peoples’ enthusiasm about PPPs arise from their assumed benefits: PPPs are said to improve quality of services and project sustainability, reduce costs and risks and the time required to implement a project. It is also assumed that the private sector delivers projects more often-on time and on budget in comparison to the public sector (EPEC, 2009). PPP’s ability to spread the costs of large investments over the lifetime of the asset is seen as an attractive advantage for the public sector since it eases public debt (Meidute & Paliulis, 2011). PPPs are therefore assumed to offer better value for money

The government is keen to build on this success, by extending successful approaches to delivering good value for money, and by developing new ones. To this end, the Government of Kenya recently passed the PPP Act, 2013 which forms the legal framework of PPPs and has instituted a body known as the PPP secretariat responsible for the management of PPP Programs. These developments have provided a transparent, clear, fair and competitive process for PPPs, covering project identification, selection, prioritization, preparation, appraisal, procurement, approvals and procurement of project advisors. It has also given a clear institutional framework for the development and approval of PPP projects (Achieng, 2013).

The government has approved 58 projects to be funded through partnerships with the private sector in a bid to seal a huge gap between public investments needs and available resources. According to



the Treasury, the 58 projects have been subjected to a series of suitability tests and received the Cabinet's approval to proceed for development as PPPs (PPP Unit, 2014). Some of the key projects in the PPP arrangement include; the Mombasa-Nairobi and Nairobi-Nakuru highways, which will be constructed and expanded to dual carriageway in the partnership; operation and maintenance of a 40km section of the Nairobi –Thika highway, as well as the 30km Nairobi Southern bypass, and the construction of Jomo Kenyatta International Airport Terminal 2 is also expected to be under the initiative and is projected to have an annual passenger capacity of 12 million (PPP Unit, 2014). In addition, there is also a proposed construction of a 3 – 4-star transit hotel with a 150 – 200 hotel room capacity at the JKIA under the private sector engagement among many other PPP projects within Nairobi County (PPP Unit, 2014).

Joint working between the public and private sectors, in fields such as housing, economic development and regeneration, transport and municipal enterprises, has achieved a great deal over the years. Many governments are keen to build on this success, by extending successful approaches to delivering good value for money, and by developing new ones. Often the criteria used to choose the private partner for PPPs are more complex than just who offers the best price and who conforms to the technical specifications. There is no unified theoretical basis for PPPs. However, among the various theories one may point out the Principal Agent framework given the specific nature of risks existing in most PPP projects. Most of these risks are uninsurable. Indeed, the probability of risk materialization directly depends on the PPP partners' behaviour. Consequently, the risk allocation should be treated within the transaction (GOK, 2016).

## **1.2 Statement of the problem**

Many countries are facing unprecedented fiscal problems and are unable to devote the resources necessary to properly expand and maintain infrastructure. It is against this backdrop, most governments and local governments are turning to the private sector for assistance with the design, financing, construction, maintenance and operation of critical infrastructure facilities (Engel, Fischer & Galetovic, 2010). Yet despite their popularity, these partnerships prove to be complicated and problematic. They are often perceived to produce limited results; involve members with contrasting goals and approaches; are prone to gridlock and fragmentation; frequently do not achieve their intended goals and sometimes appear to exacerbate the problems they are trying to solve (PPP unit, 2017).

Kenya is keen on PPPs for a variety of reasons such as: increased demand for quality and affordable services from citizens; expansion of the economy and stimulation of job creation; to utilize the efficiency of the private sector in running public services; to drive the creation of the local long term funding market; to reduce the government's sovereign borrowings and associated risks; provide a new source of investment capital for required infrastructure projects and to reduce the funding gap for infrastructure projects of \$ 37 billion (Koimett, 2013). However, these partnerships may frequently fail to achieve their intended goals due to the difference in the goals and approaches of the different partners.

The government retains ownership and regulatory control of projects that are undertaken through such partnerships and defines the extent of the private sector's participation in the partnership (Austria, 2013). Public private partnerships have significant limitations if so many important aspects such as economic, social, political, legal and administrative which need to be studied carefully before the approval of the contract. These aspects include projects not being feasible for different reasons such as political, legal, commercial viability; the private sector may not take interest in a project due to possible high risks or due to lack of technical, financial capacity to implement the project. A PPP project is more costly unless additional costs (for instance due to higher transaction and financing costs) can be off-set through efficiency gains (UNESCAP, 2011).

PPPs in Kenya are also facing the challenge in that PPPs in the country are still an evolving concept that must be adapted to the specific characteristics of specific sectors. Also, while the public sector sees potential for raising additional capital from the private sector to meet budgetary shortfalls, the private sector is skeptical about the government's commitment and will not to make counter-productive, inappropriate, or ill-advised policies that distort the market. Additionally, the recently enacted PPPs Act requires the government to coordinate these projects, yet government ability to do this is also questionable (PPP unit, 2017).

Local studies that have been carried in PPPs include; King'oo (2015) who did a study determinant of public private partnership in solid waste management: the case of Mombasa County, Kenya, Mbugua (2015) established the factors influencing the implementation of public private partnership in agricultural projects in Kenya: a case of Amiran and youth enterprise development fund projects in Muranga County, Kamande (2014) did a study on factors influencing partnerships between non-governmental organizations and selected private sector organizations: a case of organizations in

Nairobi County, Oballa (2014) examined the implementation of public private partnerships in Kenya's public sector. However, none of these studies focused on determinants of private sector participation in the implementation of public private partnerships projects in Kenya. It is in this light that the researcher sought to fill the research gap by examining the determinants of private sector participation in the implementation of public private partnerships projects in Kenya focusing at public-private partnerships based in Mombasa County.

### **1.3 Purpose of the Study**

The purpose of this study was to establish the determinants of private sector participation in the implementation of public private partnerships projects in Kenya focusing at public-private partnerships based in Mombasa County.

### **1.4 Objectives of the Study**

The study was guided by the following objectives:

- i. To determine the influence of project funding on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.
- ii. To assess the influence of technological requirements on private sector participation in public-private partnerships in Kenya.
- iii. To find out the influence of ease of doing business on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.
- iv. To determine the influence of project period on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.
- v. To establish the influence of government policies as a moderating factor on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.

### **1.5 Research Questions**

This research study answered the following questions;

- i. What is the influence of project funding on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya?

- ii. How does technological requirement influence private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya?
- iii. To what level does ease of doing business influence private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya?
- iv. What is the influence of project period on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya?
- v. How do government policies as a moderating factor affect private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya?

### 1.6 Research Hypothesis

The study was guided by the following research hypothesis;

- i. **H<sub>0</sub>**: There is no significant influence of project funding on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.  
**H<sub>1</sub>**: There is significant influence of project funding on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.
- ii. **H<sub>0</sub>**: There is no significant contribution of technological requirements on public-private partnerships in Mombasa County, Kenya  
**H<sub>1</sub>**: There is significant contribution of technology required on public-private partnerships in Mombasa County, Kenya.
- iii. **H<sub>0</sub>**: There is no significant influence of ease of doing business on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.  
**H<sub>1</sub>**: There is significant influence of ease of doing business on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.
- iv. **H<sub>0</sub>**: There is no significant influence of project period on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.  
**H<sub>1</sub>**: There is significant influence of project period on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.

v. **H<sub>0</sub>**: There are no significant influence of government policies as a moderating factor on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.

**H<sub>1</sub>**: There is significant influence of government policies as a moderating factor on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.

### **1.7 Significance of the Study**

The findings of this study may be significant in various ways: First on the theoretical value, it is hoped that the findings of this study may provide greater insight to the policy makers. The treasury may find the findings of this study important in evaluating the progress of projects undertaken through public-private partnership. The research findings may be used by the government and particularly policy makers, planners and programme implementers to formulate policies and strategies on effective public private partnership projects and other projects in general. It may inform policy makers on the best strategies that would ensure public private partnerships are implemented successfully.

The research also highlights potential challenges to public private partnerships initiative allowing the private sector early opportunities to overcome these obstacles in order to succeed in partnering with government in projects. It is also hoped that the findings of this study may be important to the key stakeholders in the development projects within the county, since information on public private partnership projects may be paramount. The empirical data that may be obtained by the study may be useful to various stakeholders in the transport sector. The outcome of this research may highlight key areas where public private partnerships require reform, change or incentives in order to successfully complete initiated projects.

It is further hoped that the findings of this study may be important to future scholars and researchers as it may act as a source of reference besides suggesting areas for further research. With this knowledge may facilitate reforms as well as harness the collective strength of developers to tap into government projects.

### **1.8 Basic Assumptions of the Study**

This study assumed that selected representatives of the target population have adequate understanding of determinants of private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya and that these respondents were available to provide relevant information. This study also assumed that respondents selected may provide honest responses revealing the true picture of the situation on the ground. The researcher also assumed that external factors like strikes may not arise as this affected the process of data collection and hence the completion of the project.

### **1.9 Limitations of the study**

The researcher anticipated to encounter cases where the respondents may not be fully truthful and may provide what they think the researcher wanted to hear as opposed to what is the exact situation. Also, the study anticipates difficulties in accessing top level officers in Government owing to their busy schedule. To counter the limitation of respondents' truthfulness, the researcher seeks to assure the respondents' anonymity and confidentiality and re-assure them that the feedback was only be used for the purpose of the study. The researcher handled the problem by carrying an introduction letter from the University and assured them that the information that they provide was confidential and it was used purely for academic purposes. On the difficulties imposed by accessing top level Government officials, the researcher attempted to reach them via electronic means, for instance the use of emails.

### **1.10 Delimitations of the study**

The purpose of this study was to find out the determinants of private sector participation in the implementation of public private partnerships projects in Kenya. A survey of public-private partnerships based in Mombasa County. The study determined the influence of project funding, technological requirements, ease of doing business, project period and government policies as a moderating factor on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.

### **1.11 Definition of Significant Terms**

**Ease of doing business-** An index created by the World Bank, where higher rankings indicate better, usually simpler regulations for businesses and stronger protections of property rights.

**Government policies:** The set of government rules and regulations to control or stimulate the aggregate indicators of an economy frames the macroeconomic policy.

**Project funding-** is a series of activities for estimating, allocating, and controlling costs within the project. It allows determining and approving budget for the project and controlling spending

**Project period-** duration that is carefully planned to achieve the goals of the project. Planned set of interrelated tasks to be executed over a fixed period and within certain cost and other limitations

**Public private partnership (PPP):** This a collaboration of the government and private sector in the project where private partners bring its skills, capital and commercial innovation into the provision of the services the government is responsible for.

**Technological requirements-** pertains to the technical aspects that your system must fulfill, such as performance-related issues, reliability issues, and availability issues.

### **1.12 Organizational of the Study**

The study was organised into five chapters. Chapter one discusses the background of the study in which the contextual and conceptual issues are explored. The chapter gave direction for the study through stating of objectives, the significance of the study, its delimitation and limitations. Chapter two covered empirical and theoretical literature. The chapter provided a foundation upon which the findings of the study are discussed and conclusions drawn. The chapter finally identified the knowledge gap from the literature studied. Chapter three covered research methodology to be used in the study, research design, target population, sampling procedure, description of research instruments, validity and reliability of research instruments, methods of data collection, procedures for data analysis, operational definition of variables and ethical considerations. Chapter four covers the data analysis, data presentation and interpretation of study findings while chapter five summarises the study findings, discusses the research findings, draw conclusions and recommendations and suggests areas of further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter covers contributions from other scholars on determinants of private sector participation in the implementation of public private partnerships projects in Kenya. The chapter also presents; conceptual review, theoretical review and conceptual framework, summary and research gaps of the study.

#### **2.2 Private Sector Participation in the Implementation of Public Private Partnerships Projects**

Public- Private Partnership (PPP) is a system in which a service or a project is funded and operated through a partnership of government and one or more private sector organizations. Public private partnerships are about promoting authority-led initiatives that encourage commercial investment in facilities and services, give better value for money and transfer significant risk and the management of projects and services to the private sector. PPPs are increasingly playing a crucial role in bridging the gap between demand and investment in infrastructure. These partnerships tap into the private resources of financing and expertise to deliver large infrastructure improvements (Airoldi et al, 2013). When managed effectively, PPPs not only provide much needed new sources of capital, but also bring significant discipline to project selection, construction, and operation.

Airoldi et al. (2013) contend that successfully forming and managing PPPs, is no small feat. For one thing, governments, accustomed to focusing on delivering services, need to change their mindset and begin viewing these partnerships as a product that they must develop, market, and sell to potential private-sector partners. At the same time, both the public and private sectors must overcome the challenges created by an inherent conflict between their respective objectives: the public sector wants to minimize total or overall economic costs and ensure the delivery of high-quality service, while the private sector aims to maximize returns. In order to attract private sector in infrastructure provision, the government has to establish its political will in a policy framework. There are many aspects required in policy framework including legal and institutional frameworks. The availability of adequate policy framework will ensure the PPP success. The clear policy framework will make all parties involved in the infrastructure provision understand the process of it (Rostiyanti & Tamin, 2010).



Crisis can occur in private sector participation in the implementation of public private partnerships projects when a service is not delivered, the need is high and the government cannot do it anymore. Also, when there is long term planning, driven by a clear understanding of and respect for the needs of various actors and when there is an individual, somebody who pushes for change called the ‘champion’ that is very influential and can make a huge difference. PPP’s are happening because public and private actors cannot meet their individual needs alone. Public–private partnerships between private companies and states are a well-established means of providing infrastructure and services that states have neither the resources nor expertise to supply alone. In such cases, partnerships may commonly take the form of build– operate–transfer (BOT) or related schemes, which allow companies to construct infrastructure and operate it profitably until a time when it is transferred to state ownership (Witters, Marom & Steinert, 2012).

Other types of public private partnerships include; contracting (signing a contract with private party to design and build public facility which is financed and owned by public sector) and Design – Build-Finance-Operate (DBFO) this is a contract with a private sector contractor to design, build and operate a public facility for a defined period, after which the facility is handed back to the public sector and remains in the public ownership throughout the contract. In recent years, however, the remit of public– private partnerships have increased widely following the diversification of actors that collaborate with foreign investors, and the growing use of partnerships to allow local participation in environmental and developmental policies in general. Rather than simply seeking to provide badly needed infrastructure at the cheapest cost to the state, such new approaches to partnerships may also occur with sub-state actors such as municipalities and citizen groups and may be designed to allow greater participation of all non-state actors in shaping development policy (Austria, 2013).

### **2.3 Project Funding and Private Sector and Participation in the Implementation of Public Private Partnerships Projects**

Project funding include both direct costs and indirect costs of performing the activities of the project. If each activity of the project is scheduled for the duration that results in the minimum direct cost (normal duration) then the time to complete the entire project might be too long and substantial penalties associated with the late project completion might be incurred. At the other extreme, a private sector participation in the implementation of public private partnerships projects might choose to complete the activity in the minimum possible time, called crash duration, but at a

maximum cost. Thus, planners perform what is called time cost trade-off analysis to shorten the project duration. This can be done by selecting some activities on the critical path to shorten their duration (Koimett, 2013).

Generally, PPP type arrangement is commonly adopted by the governments which have infrastructure gap yet constrained by limited internal and external resources (Reside & Mendoza 2010). According to Sharma (2012), when government has budget constraints reflected in large deficits and heavy debt burden, they are more likely to adopt PPP type arrangement to accelerate public infrastructure financing in their countries. Bank debt financing remains below pre-crisis levels as the banking sector redefines its risk appetite and makes structural adjustments in anticipation of statutory requirements such as Basel III and national-level regulations. Involving private funding basically helps countries to avoid debts in financing the development of public facilities. Similarly, it was suggested that governments do not have to expense their money to invest in infrastructure because such task can be left to the private sector (Bhattacharya, Romani & Stern, 2012).

Amount of funds allocated to a project influence private sector participation in the implementation of public private partnerships projects from the governments have been the major source of financing for infrastructure such as road projects. The decline in the allocation of funds over various plan periods in terms of percentage of the total plan outlay has been identified as one of the factors partly responsible for the inadequacies in the road network (UNECE, 2008). These allocations are transferred to individual concession trusts and funds payable to the concessionaires upon completion of contractually defined construction milestones. Deductions could be applied to the payments if the concessionaire does not meet minimum road condition and operational performance parameters. This plan creates an incentive for compliance with construction and operation and maintenance goals. The bidding criteria for all three sectors consisted of a combination of technical and economic variables with the greatest value assigned to the economic proposal (World Bank & UNESCAP, 2011).

Enshassi and Kumaraswamy (2009) identified other variables which impact private sector participation in the implementation of public private partnerships projects construction project time and cost overrun. Their study identified predominant causes of delay as design changes, poor labour productivity and inadequate planning. Other main causes of cost overrun identified and ranked

according to their perceived importance were inflationary increase in material cost, inaccurate material estimating and project complexity. Furthermore, feasibility studies tend to underestimate the as built capital costs of the project. They further opined that as built capital costs are on average, 14% higher than estimates in the bankable feasibility study. They reasoned that this bias in capital cost estimation is intentional and driven by scarcity of project financing and the need by the project sponsors to inflate the project economics in a bid to secure financing (Stella, 2015).

In many parts of the developing world, private sector participation in the implementation of public private partnerships projects is influenced by amount of fund allocated to finance infrastructure contributes largest in exacerbating the gap in the market for infrastructure finance (Reside & Mendoza 2010). Reinvigorating the supply of infrastructure within the developing world requires supplementing finance with new sources of equity and debt finance. It means pairing existing instruments with innovative tools, such as MDB guarantees, to reduce risks, lower the cost of sovereign borrowing, extend tenors, and strengthen market and project environments. On this menu, public-private partnerships (PPPs) represent one of the many promising instruments to meet the challenge of crowding finance of infrastructure (Chartri, 2012).

Most Public Private Partners are concerned with the infrastructure financing situation due to the financial crisis that some countries experienced during 2007-2008. Before the Asian economic crisis there was a significant flow of foreign currency infrastructure financing, which was arranged by international banks. International bank participation was high in a lot of countries as banks followed international developers who participated significantly in developing infrastructure in these countries. The long-term relationship between international banks and developers helped to give an additional sense of comfort in financing projects. Comfort was also got from various guarantees given by Governments to reduce the risk of the lenders. However, the experience of this first round of infrastructure development was bitter after the East Asian economic crisis hit (EPEC, 2009).

Some countries like Indonesia private sector participation in the implementation of public private partnerships projects defaulted on the guarantees offered to project sponsors as they were hit by devaluation of the local currency. It was also realized during the crisis that many projects had been financed on the basis of questionable viability and under pressure from the economic downturn a lot of the projects suffered. As infrastructure projects floundered in the wake of the crisis the increased

risk perception led to a significant reduction in the flow of capital for infrastructure projects in these countries (Gatti, 2013). With international capital flows drying up there has been an increased reliance on domestic markets and commercial banks in many countries to provide the financing needed for infrastructure projects. Infrastructure sector in countries with high liquidity in the banking system have been able to tide the crisis as local commercial banks in these countries have started to take a lead in infrastructure financing. The major reason for reliance on the banking system has been that other avenues for financing are not significantly developed in these markets (Meidute & Paliulis, 2011).

#### **2.4 Technological Requirement and Participation in the Implementation of Public Private Partnerships Projects**

Private sector participation in the implementation of public private partnerships projects regard using new technologies because they are very exciting for a project particularly if the technology enables the customer to do things that are otherwise not possible. However, the project manager and the consumer need to be aware of the risks that come with using technology that has not stood the test of time. It is always safe to avoid the temptation to use technology whose success is in doubt. Alternatively, even if the technology has been proven successful, contractors and customers must ensure that people working with this technology have attained adequate experience. Otherwise, when in doubt, there is absolute need to test the technology always until one is comfortable it is going to work. Added to this, is the need to get the right skills to work on and develop the technology. Many buildings lately have collapsed because of using technologies, which are not properly understood, or the people working with the said technologies are not well skilled (Katzenbach & Smith, 2015).

It is known that the public sector often does not have in-house capability to deliver new projects or maintain aging projects over a long period of time, due to the lack of necessary skills and training to implement projects. Government can tap into source of skilled and experienced labour by signing a contract with a private partner to deliver needed results as in the case of Amiran and YEDF. PPP allows the government to pass operational roles to efficient private sector operators while retaining and improving focus on core public sector responsibilities, such as regulation and supervision. Properly implemented, this approach should result in a lower aggregate cash outlay for the government and better and cheaper service to the consumer. This should hold true even if the government continues to bear part of the investment or operational cost since government's cost

obligation is likely to be targeted, limited, and structured within a rational overall financing strategy (Oakland & Marosszeky, 2017).

One of the foundations of private sector participation in the implementation of public private partnerships projects today is to understand the technological context of the marketplace. Technology strategy revolves around four keys agreed upon assumptions. First, it focuses on the type of technologies a firm selects for acquisition, development, deployment, or divestment. Second, commitment of investment decision has to be adopted by the management. Third, ICT strategy may as well be suited for or applied in all types of firms and industries and is not restricted to high technology enterprises. Fourth, ICT strategy is comprised of both hardware and software elements. The focus of ICT strategy is on acquiring, developing, utilizing and giving up those ICT categories. Just as the acquisition of ICT is one of the central concerns of ICT strategy, so too is the exploitation of ICT, but it appears to have received less attention from researchers. Having acquired and developed technological resources, technology strategy recognizes that firms face a variety of options when it comes to the most appropriate exploitation of them (PPP Unit, 2014).

Private sector participation in the implementation of public private partnerships projects have been able to successfully integrate technology and strategy implementation have created significant business returns. The importance of ICT in supporting strategy thus cannot be underestimated. Especially with the shortening of the PLC, ICT will play an increasing role in defining the strategic basis of competitive advantage. Firms that have been able to harness the use of technology will be the firms that will emerge as survivors in the next shakeout. Technology strategy, or strategic technology, whichever interpretation that may appeal to the firm, will be the imperative for tomorrow's market place. Business collaboration/partnership and technology integration are the priorities, but the specifics differ from company to company. The key to success depends on the extent to which companies understand the collaborative business models they need to support integrated technology. Companies looking for a compass to guide their technology investment strategies must consider the collaborate/integrate destination (Engel, Fischer & Galetovic, 2010).

The roles, requirements and responsibilities of technology can thus be vastly different, depending on how we use technology required in private sector participation in the implementation of public private partnerships projects. The two roles of technology imply vastly different processes in both strategy formulation and implementation. Technology, in relation to business strategy, would look

at generic strategies of product differentiation. Technology, in relation to corporate strategy on the other hand, would look at strategies of cost leadership and thereby of product development. Corporate technology would also most likely be more expensive than business technology, implying more stringent return on investment decisions. A study of the competitive advantage in successful new technology-based firms found that their technology strategy played a key role for making these companies improve their competitive advantage. To, facilitate sustainable competitive advantages; organizations should coordinate their technology strategy with the corporate strategy (Laudon & Laudon, 2016).

## **2.5 Ease of Doing Business and Participation in the Implementation of Public Private Partnerships Projects**

Public private partnership is a newfound method in the procurement of public goods and services on a sustainable basis (Alitheia, 2010). PPP procurement arrangements have been used to deliver several infrastructure projects. According to Cheung (2009) PPP is a procurement approach where the public and private sector join forces to deliver a public service or facility. According to Yuan et al. (2010) process indicators enable clients and other agencies adopting PPP procurement, to track the capabilities of processes in PPP projects whereby the strengths and weakness of these processes can be identified.

To safeguard project economic feasibility, private sector participation in the implementation of public private partnerships projects require the government ponder some forms of government guarantees, joint investment funding, or supplemental periodic service payments to permit the private sector cover the project fundings and earn judicious profits and investment returns. At the same time, the government should take due consideration of private sector's profitability requirements in order to have stable arrangements in PPP projects (Zhang 2009). Competent authorities and ministries in the procurement process, such as assessment of feasibility and value for money for potential PPP and in formulating the basic plan for PPP, formulation of the request for proposal enhances financing of infrastructure projects. Implication for policy is government forming formidable legal and regulatory framework for PPP and for practice concessionaire with good consortium and adequate financial capability should be engaged for future PPP projects (Delmon, 2017).

Singh (2015) evaluate comparative pattern among segments of Indian industry owned by different categories of investors. Using data and basing the performance analyses for the entire Indian industrial sector, enterprises owned by the central government and the governments of various states are found to be systematically less efficient than either mixed or private sector enterprises, while mixed sector enterprises are less efficient than those in the private sector. Government-owned enterprises are major players in the industrial arena and the results obtained provide indication that they may be, in major part, responsible for India's lack-lustre industrial performance vis-à-vis ease of doing business. Srivastava (2015) last three-year reports of Ease of Doing Business. The paper examine single window mechanism as technology can create association among various government departments.

Finally, private sector participation in the implementation of public private partnerships projects to be successful Author has highlighted impact of single window mechanism in generating wealth and faith among investor & suggestions has been included in the research paper to improve the existing system. Raval (2015) did a critical review of political environment and policy implication and its effects of EoDB indicators. Author observed in his study that political environment is one of the most impact factors on Ease of doing business Hitesh (2015) has attempted to summarizes all the issues recommendation given by various agencies for those issues and various initiatives that have been taken up recently by government which affects Ease of doing business environment (Trivedi, 2015). In this research article Dipesh study different issues may arise at time of winding process of business e.g. payment of liability, stay of winding process. Vikrant (2015) identifies how countries have improved their ranking by easing the procedures by lowering the documentation, reducing the time to either import or export and making the overall trading procedure cost effective.

Deepa (2015) focus in private sector participation in the implementation of public private partnerships projects in Range De,innovative micro finance which is very rare but easy to do business. Authors discuss its features, various challenges and the opportunities of this financial scheme. Vaghela (2015) in this research paper emphasizes on the aspects of tax system which need to be modified in the Indian tax structure. Their impact is analyzed on the mode of revenue of government as well as the prosperity of public. Sheth (2015) has describe the environmental clearance through Environment Impact Assessment (EIA) has been evolved worldwide India like other nations India need to ease the obstacle in starting business.

## **2.6 Project Period and Participation in the Implementation of Public Private Partnerships Projects**

Moreover, for private sector participation in the implementation of public private partnerships projects, the scheduling of projects is based on finding resources and scheduling activities with the goal of optimizing the efficiency of the project. Overlapping of sequential activities occurs on most construction projects (Srour et al, 2013), which requires a two-way exchange of information among dependent design disciplines

A simple representation of the possible relationship between the duration of an activity and its direct costs influences private sector participation in the implementation of public private partnerships projects. Shortening the duration on an activity will normally increase its direct cost. A duration which implies minimum direct cost is called the normal duration and the minimum possible time to complete an activity is called crash duration, but at a maximum cost. The linear relationship shown above between these two points implies that any intermediate duration could also be chosen. It is possible that some intermediate point may represent the ideal or optimal tradeoff between time and cost for this activity (Yin, 2011). The slope of the line connecting the normal point (lower point) and the crash point (upper point) is called the cost slope of the activity. The slope of this line can be calculated mathematically by knowing the Cost and Time and Also Minimum Project Duration Using Alternative Method 405 coordinates of the normal and crash points:  $\text{Cost slope} = (\text{crash cost} - \text{normal cost}) / (\text{normal duration} - \text{crash duration})$  As the activity duration is reduced, there is an increase in direct cost. A simple case arises in the use of overtime work and premium wages to be paid for such overtime. Also overtime work is more prone to accidents and quality problems that must be corrected, so indirect costs may also increase (Laudon & Laudon, 2016).

Infrastructure financing hinges on the techniques of project finance in private sector participation in the implementation of public private partnerships projects. These techniques entail two sets of contractual arrangements: the creation of a legally and economically self-contained entity (SPV) against which all legal contracts are written and a set of contracts dictating the distribution of risks and returns. Estimation of time has continued to be a problem of great concern and interest to both financiers and contractors. Toor and Ogunlana (2009) in their study of major construction projects in Thailand identified the most significant problems causing minimal financing of a project are factors related to designers, contractors and consultants. Issues such as lack of resources, poor



contractor management, shortage of labour, design delays, planning and scheduling deficiencies, changed orders and contractors' financial difficulties were also highlighted in the study.

UNECE (2008) pointed that most countries private sector participation in the implementation of public private partnerships projects are applying the “no service, no pay” principle that ensures the private partner is incentivized for timely delivery and operation of project assets. Better overall governance by private sector entities enables the private partner to have better control of cost overruns contrary to traditional public procurements which are often characterized by significant construction delays and cost overruns. On account of assigning life cycle maintenance obligations to the private sector, private partners are incentivized to optimize capital and maintenance expenses over the project duration. Delmon, (2017) argues that PPPs are viable as long as the government understands the risks upfront and during the duration of the project. Delmon, (2017) emphasizes that risk transfer to the private sector is likely to be the most significant success factor for a PPP funding.

These partnerships offer benefits such as optimization of risk to the taxpayer by: divesting the risks associated with the design, construction, maintenance and operation of the infrastructure: using specific financial structures to leverage performance and innovation from the private sector. The decision by government to pursue private sector participation in the implementation of public private partnerships projects delivery is often based on analysis to determine that the PPP approach will deliver value to the public through either lower cost; higher levels of service or reduced risk access to capital where PPPs allow governments to access alternative private sources of capital, allowing important and urgent projects to proceed when otherwise they may not be possible. PPP's ability to spread the costs of large investments over the lifetime of the asset is seen as an attractive advantage for the public sector. This eases the current debt of the government sector, as it does not have to incur large cash outflows immediately. It follows, that the government can get projects financed even though in reality there are no public funds available. This advantage could be considered from two points of view: first large investment costs are spread out, and second – private funds are considered as the new financing opportunities for the government (Meidute & Paliulis, 2011).

In the UK, arguably one of the most efficient private sector participation in the implementation of public private partnerships projects market in the world, advisory costs during project development

average 2.6 per cent of project capital costs. Advisory costs in lesser-developed PPP markets run even higher. The large amount of upfront costs for procuring PPP projects, in particular the cost of specialist transaction advisers often meets with strong resistance from government budgeting and expenditure control. However, quality advisory services are key to successful PPP development, and can save millions in the end. Therefore, funding, budgeting and expenditure mechanisms for project development are important to a successful PPP program, enabling and encouraging government agencies to spend the amounts needed for high quality project development (Koimett, 2013).

The government may wish to develop a more or less independent project development fund (PDF), designed to provide funding to grantors for the cost of advisers and other project development requirements. The PDF may be involved in the standardization of methodology or documentation, its dissemination and monitoring of the implementation of good practices. It should provide support for the early phases of project selection, feasibility studies and design of the financial and commercial structure for the project, through to financial close and possibly thereafter, to ensure a properly implemented project (Mbungua, 2015). The PDF might focus on specific sectors or projects in a region or nationally but needs to have a broad scope to address the different forms of PPP to respond to sector needs. The PDF may provide grant funding, require reimbursement (for example, through a fee charged to the successful bidder at financial close) with or without interest, or obtain some other form of compensation (for example, an equity interest in the project), or some combination thereof, to create a revolving fund. The compensation mechanisms can be used to incentivize the PDF to support certain types of projects (UNESCAP, 2011).

## **2.7 Government Policies and Participation in the Implementation of Public Private Partnerships Projects**

Farquharson, Torres, Yescombe, and Encinas (2011) suggest that with the use of a strong framework, governments can ensure that PPPs are successful. The foundation of a successful PPP lies in the time and effort spent in establishing the policy, legal and regulatory frameworks. Further, a clear PPP process map, including quality assurance and approval processes should be established. The government should also capitalize on the experience of those who have managed the PPP process before. The best practices for the public sector apply to every stage in the formation and implementation of a PPP, from selecting and designing the project, to developing a regulatory structure and a transaction process, to supervising the concessionaire (the private company entitled

to temporarily own and operate the asset) throughout the project's life cycle. In addition, public-sector leaders must take concrete steps to cultivate an environment in which PPP projects can flourish, such as securing the right project-management expertise within the government and employing policies that support a vibrant industry of engineering and construction companies as well as other private-sector partners, such as financiers (Airoldi, Chua, Gerbert, Justus & Rilo, 2013).

Private sector participation in the implementation of public private partnerships projects, according to the Government of Kenya (GOK) (2012), PPP programs have been implemented in the country since 1996 without a specific policy, legal or regulatory framework guiding the implementation of PPP projects. To strengthen the regulatory environment for PPP programs, the GOK has made major strides in increasing private sector investment in the infrastructure development. In 2013 the PPP Act was enacted into law, this is a step towards the mobilization of funds for infrastructure and other development projects under PPP arrangement. The Act provides for county governments (CG) to approve and undertake PPP projects which do not pose contingent liabilities to the national or county governments. For those PPP programs that may generate liabilities, counties will seek clearance from national government (PPP unit, 2017).

Consistent framework of laws and regulations is important as a reference point for any party in a partnership. South Africa has a national framework of laws, regulations and administrative processes guiding local governments on the use of PPP (PPP Manual, 2004). The above legislations and other policies set out by the central government have significant influences on the operations Local governments. Local governments need to localize these Acts in their by-laws and standing orders. Consistent framework of laws and regulations is important as a reference point for any party in a partnership. South Africa has a national framework of laws, regulations and administrative processes guiding local governments on the use of PPP (Austria, 2013).

Countries with budget deficits tend to seek PPP projects and such countries tend to have a high amount of aid and external debt (Sharma 2012). Policy is therefore a key step in creating certainty to investors and to provide clarity in PPP development'. In line with this policy, a Public Private Partnerships Act shall be enacted in order to address the gaps and remove any overlaps, conflicts and impediments in the existing legal framework. The main objective of the Act shall be to facilitate the participation of private sector in financing the construction, development, operation, or

maintenance of public infrastructure or development projects through concession or contractual arrangements. In addition, the Act shall establish a set of general principles and rules for PPPs based on best practices. All public entities will be expected to comply with these principles and rules, thereby ensuring high degree of consistency in approach across sectors (PPP unit, 2017).

## **2.8 Theoretical Framework**

A theoretical framework is a collection of interrelated ideas or a general set of assumptions based on theories or a reasoned set of prepositions, which are derived from and are supported by data or evidence and accounts for or explains phenomena (Kombo & Tromp, 2010). The study will be grounded on the agency theory, the resource dependence theory and social exchange theory.

### **2.8.1 The Agency Theory**

The agency theory is a management approach whereby an individual or entity (the agent) acts on behalf of another entity (the principal) in advancing the principal's goals and agenda (Laffont and Mattiford, 2002). The agent therefore advances both the principals' interests and his own interests in the organization. A balance of these interests should be merged in order to arrive at the corporate objectives of the organization through the agent because he/she is in charge of the vast resources of the organization. Laffont and Mattiford (2002) contend that this agency theory is so crucial in management since the actions chosen by the agent affects several other parties.

The agent's role in strategic formulation and the overall strategic management process cannot therefore be underestimated. The agency theory holds the view that there should be proper synergy between the management and its stakeholders in order to work towards a common goal (Otungu et al. 2011). The Agency theory has however been criticised by various authors. Laffont and Mattiford (2002) criticise the theory because it only describes the relationship between a principal and its agent and allows for deception and misappropriation of funds by the agents. This constitutes a perfect example of the moral hazard problems that are an endemic feature of principal-agent complexities. He substantiates this saying these were some of the moral obligations that were violated at Enron Company in the US which led to the loss of billions by the owners. The agents were busy working for their own interests leaving other stakeholders as outsiders.

This critique is echoed by Guth and MacMillan (1986) who through research provided strong evidence showing that middle managers are prone to changing strategies within the implementation processes, due to their self-interest. Laffont concludes that in a standard business corporation it is

very difficult for shareholders to exercise effective control of management interests between managers and owners.

This theory is relevant to the study in establishing how ease of doing business affects private sector participation. The agency theory holds the view that there should be proper synergy between the management and its stakeholders in order to work towards a common goal

### **2.8.2 The Resource Dependence Theory**

The resource dependence theory suggests that no firm or entity can secure the resources and capabilities required to survive without interacting with firms and individuals beyond their boundaries (Pfeffer & Salancik, 1978). The RDT provides an insight on inter-organizational relationships and how their formation help reduce uncertainty (Hillman, Withers & Collins, 2009). Hillman *et al* (2009), however add that such relationships only absorb some of the uncertainties faced by organizations in the business environment.

The RDT suggests that the resources possessed by an entity are the primary determinants of its success (Tokudo, 2005). According to Barney (1991), the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Barney, 1991). Tokudo argues that a firm may have similar resources to another but perform differently due to the difference in capabilities between the firms. He defines capabilities as the capacity of a firm to convert the resources owned to finished products.

The theory is relevant to the study in elaborating technological requirement and how they influence private sector participation in the implementation of public private partnerships projects the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information, knowledge, controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness.

### **2.8.3 Social Exchange Theory**

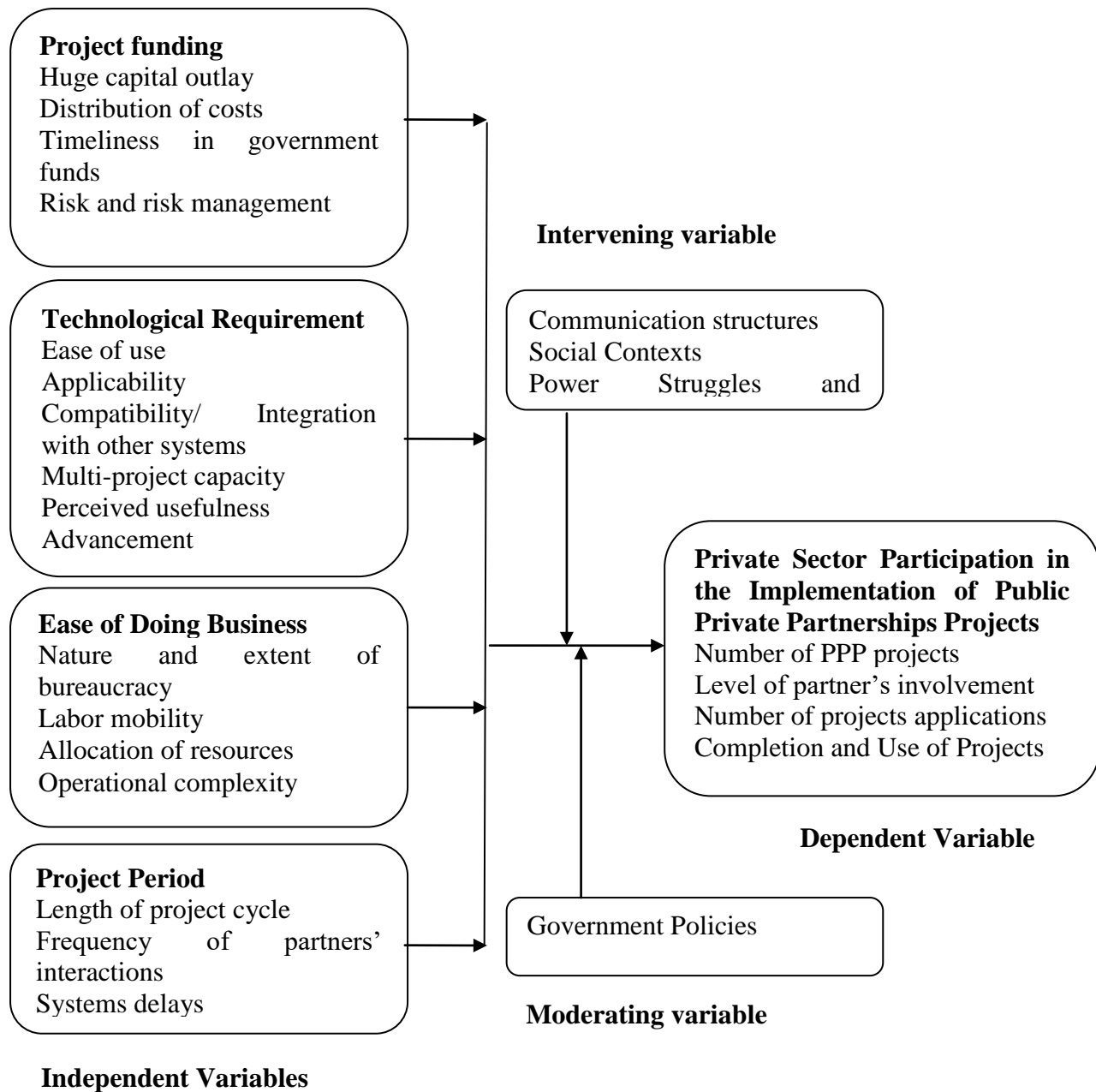
The social exchange theory is built on the premise that any type of business transaction is prone to have exchange and interactions (Blakenburg & Johanson, 1992). This may be termed as an interrelated connection of exchange relationships aimed at gaining a certain goal (Prekert & Hallen, 2006). This relates to the system theory whereby each organization is affected by both

internal and external factors. Whereby the success of the particular organization is determined by how well it handles its operations.

Social exchange theory posits that human relationships are formed by the use of a subjective cost-benefit analysis and the comparison of alternatives. The theory has roots in economics, psychology and sociology. Social exchange theory features many of the main assumptions found in rational choice theory and structuralism. It is also used quite frequently in the business world to imply a two-sided, mutually contingent and rewarding process involving transactions or simply exchange (Godwyn & Gittell 2011). This theory relates to project period and cost and relationship formed by the use of a subjective cost-benefit analysis and the comparison of alternatives. The theory has roots in economics, psychology and sociology.

## **2.9 Conceptual Framework**

A conceptual framework considers the theoretical and conceptual issues surrounding research work and form a coherent and consistent foundation that will underpin the development and identification of existing variables. It shows the relationship between independent variable and dependent variable. Furthermore, it also shows other factors, moderating and intervening variables that can play in and affect both independent and dependent variables in this study. In this study, the conceptual framework will look at the determinants of private sector participation in the implementation of public private partnerships projects in Kenya as shown below. The conceptual framework will look at the influence of project funding, technological requirements, ease of doing business, project period and government policies as a moderating factor on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya.



**Figure 2.1: Conceptual Framework**

## 2.10 Research Gap

The concept of public private partnerships (PPPs) has attracted worldwide attention and acquired a new resonance in the context of developing countries. The promise of efficiency savings and a reduced burden on strained public resources has certainly struck a positive chord in countries operating under tight budgets (Spackman, 2008). According to Nell and Associates (2007) there are several factors that makes some countries to be more successful in attracting private finance for the development of public infrastructure than the others. The factors include, among others, stable macroeconomic conditions, favorable market conditions and large market size as well as high quality regulation and stable political institutions.

In the contrary, large amounts of government budget constraints and, to some extent, effective government could decrease the number and values of PPP investments in developing countries. Motivated by the above studies and considering the disparity in success in implementing PPPs in different countries due to the level of participation of the private sector, this paper is set to investigate the different factors that influence the decisions of the private sector on whether to participate or not in such projects in Kenya.

**Table 2. 1: Knowledge Gap**

<b>Variable</b>	<b>Author and Year</b>	<b>Findings</b>	<b>Knowledge gap</b>
Project funding	Sharma (2012)	Established that when government has budget constraints reflected in large deficits and heavy debt burden, they are more likely to adopt PPP type arrangement to accelerate public infrastructure financing in their countries.	This study will focus on how project is funded and operated through a partnership of government and one or more private sector organizations.
	Bhattacharya, Romani & Stern, 2012	suggests that governments do not have to expense their money to invest in infrastructure because such task can be left to the private sector	This study will establish hoe public private partnerships are about promoting authority-led initiatives that encourage private investment in facilities and services



	Bertisen and Davis (2008)	Project funding impacts construction time and cost overrun	This study seek to ground how PPPs are increasingly playing a crucial role in bridging the gap between demand and investment of private sector in infrastructure.
	Reside & Mendoza (2010)	Established that amount of fund allocated to finance infrastructure contributes largest in exacerbating the gap in the market for infrastructure finance	The study will specifically establish the influence of project funding on participation of private sector in PPPs
Technological requirement	Katzenbach & Smith (2015).	Many buildings lately have collapsed because of using technologies, which are not properly understood, or the people working with the said technologies are not well skilled	This study will focus on influence of technological requirements on private sector participation in PPPs different from using technologies in construction industries
	Oakland & Marosszeky (2017).	This should hold true even if the government continues to bear part of the investment or operational cost since government's cost obligation is likely to be targeted, limited, and structured within a rational overall financing strategy	This study is different from Construction Project Delivery
	Laudon & Laudon (2016)	To facilitate sustainable competitive advantages; organizations should coordinate their technology strategy with the corporate strategy	This study focused on technology strategy with the corporate strategy different from the perspective of how technological requirement affects private sector participation
Ease of doing	Zhang (2009)	the government should take due consideration of private sector's profitability requirements in order	This study generally looked at how private sector's profitability

business		to have stable arrangements in PPP projects	requirements to ensure stable arrangements in PPP projects
	Singh (2015)	enterprises owned by the governments of various states are found to be systematically less efficient than either mixed or private sector enterprises, while mixed sector enterprises are less efficient than those in the private sector.	This study will ground how ease of doing business influence private sector participation in PPPs
	Raval (2015)	observed in his study that political environment is one of the most impact factors on Ease of doing business Hitesh	This study will be carried out in Kenya a different context\ to that of Hitesh
Project period	Ponz et al. (2011)	Project period is based on finding resources and scheduling activities with the goal of optimizing the efficiency of the project	This study is different from resources and scheduling activities with the goal of optimizing the efficiency of the project
	Srouf et al, (2013)	Project period requires a two-way exchange of information among dependent design disciplines	The study established how information is important in project different from private sector participation in PPPs.
	Toor and Ogunlana (2008)	Factors related to designers, contractors and consultants. Issues such as lack of resources, poor contractor management, shortage of labour, design delays, planning and scheduling deficiencies,	However, this study will broadly expound on the influence of project period different from labour, design delays, planning and scheduling deficiencies,
This study seeks to bridge this gap by examining the determinants of private sector participation in the implementation of public private partnerships projects in Kenya focusing at public-private partnerships based in Mombasa County.			

## 2.11 Summary of Literature Review

This chapter covered the literature review which included the discussion of previous studies done by other scholars in relation to determinants of private sector participation in the implementation of public private partnerships projects in Kenya. Private financing through PPP has been regarded as a potential alternative for developing public infrastructure (Bohme, 2010). Besides providing additional sources of funding, private financing is also seen as having more advantages than public financing, particularly in terms of improving projects value-for-money, shortening the delivery time and reducing the project fundings. Bringing the private sector in as investors and operators requires governments to adjust and implement policies that enable a systematic, consistent, coherent and effective framework for private sector entry, operation and exit from the PPP market (Beh, 2010). While the infrastructure needs for each of the SSA countries varies greatly, there is little doubt that the general shortfall in infrastructure services hampers economic growth by hindering productivity, increasing the costs of doing business, and isolating markets (Briceño, *et al*, 2008).

From the available literature, reliable, efficient infrastructure is crucial to economic and social development and the promotion of pro-poor growth. Poor infrastructure impedes a nation's economic growth and international competitiveness. Most governments in SSA spend about 6 to 12% of their GDP each year on infrastructure. Approximately half of the countries spend more than 8 percent of GDP while a quarter of countries spend less than 5%. Most countries in the region spend less than US\$600 million a year on infrastructure services or equivalently less than US\$50 per person. While these fiscal commitments seem large when expressed as a share of GDP compared to the actual nominal investment values, they are small when placed in the context of the amounts needed. Closing the gap required raising more funds and looking for more effective ways to meet infrastructure targets. PPPs could play a role in mitigating the funding requirements.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the methodology that was used to carry out the research to provide answers to the research questions. The chapter covered the research design, sampling procedure, data collection methods, validity and reliability of research instruments, methods of data analysis, operational definition of variables and ethical issues.

#### **3.2 Research Design**

A research design is a conceptual framework within which a research would be conducted. According to Calderon and Gonzales (2012), a research design involves establishing and stating the general research approach or strategy adopted for the particular project. The research design was based on the quantitative paradigm. A descriptive research design of quantitative method of data was adopted in this study. Descriptive research is a statistical method that involves surveys and fact-finding enquiries of different kinds (Smith, 2014). The key role of descriptive research is describing the state of affairs as it exists at present through quantitatively synthesizing the empirical evidence of a specific field of research.

#### **3.3 Target Population**

A population is a well-defined or set of people, elements, group of objects, households that a researcher target for investigation. According to Kombo and Tromp (2010), population is a group of individuals, objects or items from which samples are taken for measurement. The target population of the study composed of various stakeholders in the PPPs including government representatives from the concerned ministries, PPP unit officials, project managers of the private partners and county government officials adding up to 252. These target respondents were chosen because of their role in the performance of public private partnership projects. Government representatives consisted of; contractors, NEMA representatives and civil engineers.

**Table 3. 1: Target Population**

	<b>Population</b>	<b>Percentage</b>
Government representatives from the concerned ministries	52	20.6
PPP unit officials	74	29.4
Project managers of the private partners	17	6.7
County government officials	109	43.3
<b>TOTAL</b>	<b>252</b>	<b>100.0</b>

### **3.4 Sampling Procedure**

Stratified random sampling was used in the study. A sample is a portion of population, while sampling refers to the selection of subject of cases from population of interest. According to Krejcie and Morgan (1970), from normal distribution the sample size is estimated to be;

$$s = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}$$

Where:

s = required sample size.

$X^2$  = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

According to Trochim (2005), sampling is the process of selecting units from a population of interest. The advantage of sampling is that by selecting a part of the subject on which measurement is being taken in a population, conclusions may be drawn about the entire population. This method is also economic and time saving. A combination of stratified sampling and simple random sampling was used in this study.

Stratified sampling was used to ensure representation from the different stakeholders constituting the strata. Through simple random sampling, 152 respondents were picked from the strata using the ratio of 0.603 computed by dividing 152 with 252.

**Table 3. 2: Sampling Frame**

	<b>Population</b>	<b>Ratio</b>	<b>Sample</b>
Government representatives from the concerned ministries	52	0.603	31
PPP unit officials	74	0.603	45
Project managers of the private partners	17	0.603	10
County government officials	109	0.603	66
<b>TOTAL</b>	<b>252</b>		<b>152</b>

### **3.5 Methods of Data Collection**

Data collection is gathering of information relevant to the research study. The main data collection instrument for the study was a structured questionnaire consisting of closed ended questions to collect primary data from respondents and likert scales relating to the field of inquiry. Questionnaires were used for this study because there is low cost involved even when the universe is large and is widely spread geographically and are free from the bias of the interviewer. In addition, respondents have adequate time to give well thought out answers and large samples can be made use of resulting in more dependable and reliable results. Secondary data on the other hand was collected from published books, internal reports and relevant documents.

### **3.6 Pilot-testing of the Research Instrument**

Initial testing of the instrument was done with respondents from the target population in to ensure that they understood the questions. The subjects of the pretest were encouraged to give suggestions concerning the instructions, clarity of the questions, and sensitivity of the questions and flow of the questionnaire. The pilot testing was done with 15 respondents who constitutes 10% of the sample size which is within the range of 10% to 20% of the sample size as recommended by Orodho, (2009). The fifteen respondents were not included in the final survey. The study of the completed pilot questionnaires gave an indication of the reliability of the instrument through the responses received.

### **3.6.1 Validity of the Research Instrument**

Construct and content validity was determined through review of the questionnaire by colleagues who are experts and practitioners in peacebuilding work to ensure adequate coverage of specific objectives of the study. The validity of the instrument is concerned with the instrument measuring what it purports to measure and nothing else. Ensuring that the questions are easily comprehensible, clear, uses simple words familiar to all the respondents and that they convey only one thought at a time contributed to instrument validity (Keller, 2010). Construct validity is appropriate for the study as it sought to obtain new knowledge.

### **3.6.2 Reliability of the Research Instrument**

Split-half method was used to test the reliability of questionnaire to ensure that the results obtained through its use are consistent from one respondent to the other. The questionnaire is split into two equivalent halves; odd and even questions for all the 5-Likert scale questions, and then a correlation coefficient for the two halves was computed and adjusted to reflect the entire questionnaire using the Spearman-Brown prophecy formula;  $r_{sb} = 2r_{hh}/(1+r_{hh})$ ; where  $r_{hh}$  is the correlation coefficient between the two halves and  $r_{sb}$  is the adjusted correlation also known as Spearman-Brown reliability. Coefficient of 0.7 is a commonly accepted rule of thumb that indicates acceptable reliability (Zikmund, Babin, Carr & Griffin, 2012). This was done by comparing the results of one half of a test with the results from the other half. If the two halves of the test provide similar results this would suggest that the test has reliability.

### **3.7 Data Collection Procedures**

Data was collected from the identified respondents using questionnaires that were distributed by the research assistants. The research assistants helped the respondents in answering questions in the questionnaire in the order in which they are listed and record the replies in the spaces meant for the same. To avoid interviewer bias when administering and translating the questions to the respondents, the research assistants were first inducted on the data collection instrument and the questions, ensuring common understanding. The research assistants made appointments with the respondents on the time they were available to answer the questions. The purpose of the survey was explained to each of the respondents and their consent obtained before data collection.

### 3.8 Data Analysis Techniques

Based on Zina (2017), data analysis as the examination of what has been collected in a survey or experiment and making deductions and inferences from this data thorough organizing the data, breaking it into manageable units, synthesizing it as well as searching for patterns. According to Saunders et al (2009), quantitative data is based on meanings derived from numbers, the collection results in numerical and standardized data and analysis conducted through the use of diagrams. However, qualitative data is based on meanings expressed through words, collection of results in non- standardized data requiring classification into categories and analyzing conducted through the use of conceptualization

After the questionnaires are returned, the raw data collected was cleaned, edited, coded and tabulated in line with the study objectives. The quantitative data collected using the closed ended items of the questionnaire was assigned ordinal values and analyzed using statistics of frequency tables, percentages, mode and median. The organized data was then used in testing objectives of the study. Data was analyzed using Statistical Package for Social Sciences (SPSS Version 25.0). Descriptive statistics were used because they enable the researcher to meaningfully describe distribution of scores or measurements using few indices (Rumsey, 2012). The qualitative data from the open-ended questions were analyzed using conceptual content analysis. Based on Zina and OLeary (2010) recommendation on the analysis of qualitative data, collected data was organized, sorted out, coded and thematically analyzed, searching for meaning, interpreting and drawing of conclusions on the basis of concepts.

Inferential data analysis was done using Pearson correlation coefficient and regression analysis (multiple regression analysis). Tanton (2015) indicated that in many statistical methods in particular parametric measures one presumes (at least approximate) normal distribution of the variables. Therefore, for the purposes of using parametric statistics such as Pearson correlation and regression analysis, normal distribution of variables is needed and hence the variables are internally standardized. Regression was done. The regression formula is presented below;

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \epsilon \dots \dots \dots \text{Model I}$$

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + \epsilon \dots \dots \dots \text{Model II}$$



Where;

$Y_s$  = private sector participation in PPPs

$\beta_0$  = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$  and  $\beta_5$  = Regression Coefficients

$X_1$  = Project funding

$X_2$  = Technological requirements

$X_3$  = Ease of doing business

$X_4$  = Project period

$X_5$  = Government policies

$\varepsilon$  is the error term.

### **3.9 Operationalization of Variables**

Operational definition of independent, dependent and moderating variables was as shown in Table 3.2.

**Table 3. 3: Operationalization of Variables**

<b>Objectives</b>	<b>Type of Variable</b>	<b>Indicators</b>	<b>Measurement Scale</b>	<b>Data collection tools</b>	<b>Data analysis technique</b>
To determine the influence of project funding on private sector participation in the implementation of public private partnerships projects in Kenya.	project funding	Huge capital outlay Distribution of costs Timeliness in government funds Risk and risk management	Ordinal	Questionnaire	Spearman Rank Correlation Regression
To assess the influence of technological requirements on private sector participation in public-private partnerships in Kenya.	technological requirements	Ease of use Applicability Compatibility/ Integration with other systems Multi-project capacity Perceived usefulness Advancement	Ordinal	Questionnaire	Spearman Rank Correlation Regression
To find out the influence of ease of doing business on private sector participation in the implementation of public private partnerships projects in Kenya.	ease of doing business	Nature and extent of bureaucracy Labor mobility Allocation of resources Operational complexity	Ordinal	Questionnaire	Spearman Rank Correlation Regression
To determine the influence of project period on private sector participation in the implementation of public private partnerships projects in Kenya.	project period	Length of project cycle Frequency of partners' interactions Systems delays	Ordinal	Questionnaire	Spearman Rank Correlation Regression

	Participation in the implementation of public private partnerships projects	Number of PPP projects Level of partner's involvement Number of projects applications Completion and Use of Projects	Ordinal	Questionnaire	Spearman Rank Correlation Regression
--	---	---	---------	---------------	--------------------------------------

### **3.10 Ethical Issues**

The researcher first obtained a research permit from NACOSTI at the Ministry of Education for legal authorization to carry out the research and collect data. The researcher then wrote a transmittal letter informing the respondents that the research is purely for academic purposes and assuring them of confidentiality of their identities. The enumerators were asked not to record the names of the respondents in the questionnaire. Informed consent was obtained from the respondents before data collection was done, and only those that agreed to participate were engaged in the survey.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter focuses on the data analysis, interpretation and presentation of the findings. The main purpose of the study was to establish the determinants of private sector participation in the implementation of public private partnerships projects in Kenya focusing at public-private partnerships based in Mombasa County. The researcher used descriptive and inferential statistics to present the result in tables.

#### 4.2 Questionnaire Return Rate

The study aimed at collecting primary data from the respondents. To achieve this, questionnaires were issued to 152 respondents out of which 104 questionnaires were completed and submitted back. This represents a response rate of 68.4%. This implies that the response rate obtained was good and enabled generalization of the findings as it is in line with Kombo and Tromp (2010) who holds that a response rate above 50% is good.

#### 4.3 Reliability Analysis

Reliability analysis was subsequently done using Cronbach's Alpha which measures the internal consistency by establishing if certain items within a scale measure the same construct. Sekaran and Bougie (2010) established the Alpha value threshold at 0.7, thus forming the study's benchmark. The results were as shown in Table 4.1.

**Table 4. 1: Reliability Analysis**

	<b>Cronbachs alpha</b>
Project funding	.706
Technological requirements	.802
Ease of doing business	.703
Project period	.716

Cronbach Alpha was established for every objective which formed a scale. The technological requirements were the most reliable with an Alpha value of 0.802 while ease of doing business was the least reliable with an Alpha value of 0.703. This illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7, Tanton (2015).

This, therefore, depicts that the research instrument was reliable and therefore required no amendments.

#### 4.4 Demographic Characteristics of the Respondents

The study sought to enquire on the respondents’ general information including, gender, their educational level and how long they have been with public-private partnerships. This enabled the researcher to have a clue of who is filling in the questionnaires so as to determine whether the respondents are actually the targeted ones and whether or not the researcher is gathering the information they are effectively seeking. The findings were presented in subsequent subsections.

##### 4.4.1 Highest Level of Education

The respondents were also asked to indicate their highest level of education. Their responses were as shown in Table 4.2.

**Table 4. 2: Highest Level of Education**

	<b>Frequency</b>	<b>Percent</b>
Certificate	19	18.3
Diploma	29	27.9
Bachelors	50	48.1
Masters	6	5.8
<b>Total</b>	<b>104</b>	<b>100</b>

From the findings, 48.1% of the respondents indicated that their highest level of education was degree, 15.1% of the respondents indicated that their highest level of education was university and 27.9% of the respondents indicated that their highest level of education was diploma while masters holders were 5.8%. This shows that most of the respondents had basic education to be able to respond to the questionnaires effectively and hence the information they gave could be relied upon.

##### 4.2.4 Period with Public-Private Partnerships

The respondents were again requested to indicate how long they have been with public-private partnerships. Their responses were as shown in Table 4.3.

**Table 4. 3: Period with Public-Private Partnerships**

	<b>Frequency</b>	<b>Percent</b>
4 - 6 years	15	14.4
7 - 9 years	75	72.1
10 years and above	14	13.5
<b>Total</b>	<b>104</b>	<b>100</b>

As per the above results, majority of respondents indicated that they have been with public-private partnerships for a period of 7 to 9 years as shown by 72.1%. Further the respondents indicated that they have been in with public-private partnerships for a period of 4 to 6 years as shown by 14.4% and for a period of above 10 years as shown by 13.5%. This shows that most of the respondents were associated with public-private partnerships for long. This implies that they were aware of how public private partnerships projects are executed and what determines its success hence the information they provided was reliable.

#### **4.5 Determinants of Private Sector Participation**

The study presents the findings for project funding, technological requirements, ease of doing business and project period. The findings were guided by the study objectives.

##### **4.5.1 Project Funding**

The respondents were asked to indicate the extent to which project funding influence private sector participation in public-private partnerships in Kenya. Their collective responses were presented in Table 4.4.

**Table 4. 4: Project Funding Influence on Participation in Implementation of PPP projects**

	<b>Frequency</b>	<b>Percent</b>
Little extent	7	6.7
Moderate extent	28	26.9
Great extent	41	39.4
Very great extent	28	26.9
<b>Total</b>	<b>104</b>	<b>100</b>

From the findings, the study found that project funding influence private sector participation in public-private partnerships in Kenya in a great extent (39.4%), in a very great extent (26.9%), in a moderate extent (26.9%) and in a little extent (6.7%). This shows that project funding influence private sector participation in public-private partnerships in Kenya greatly.

Further the researcher asked extent to which various aspects of project funding influence private sector participation in public-private partnerships in Kenya. Their collective responses were presented in Table 4.5.

**Table 4. 5: Project Funding Influence on Participation in Implementation of PPP projects**

	<b>Mean</b>	<b>Std. Dev.</b>
Huge capital outlay	4.2404	0.8757
Distribution of costs	2.5673	0.5706
Timeliness in government funds	3.4712	0.5738
Risk and risk management	3.8462	0.8098

As per the findings, the respondents indicated that huge capital outlay as shown by a mean of 4.2404, risk and risk management as expressed by a mean of 3.8462 and timeliness in government funds as illustrated by a mean score of 3.4712 greatly influence the private sector participation in public-private partnerships in Kenya. Further the respondents indicated that distribution of costs as indicated by a mean of 2.5673 moderately influence the private sector participation in public-private partnerships in Kenya.

On the ways in which project funding influence private sector participation in public-private partnerships in Kenya, the respondents indicated that availability of funds ensures quality completed projects and that it determines the ability of the private sector to raise the amount required to invest. They also indicated that the amount of funds determines the risk levels and that high project costs discourages the private sector to be involved in he projects hence the need to partner with other donors.

### **Crosstabulations of highest Level of Education and Project Funding**

The researcher sought to access how level of education influences project funding in private sector participation in public-private partnerships in Kenya. The findings are in Table 4.6.

**Table 4. 6: Crosstabulations of highest Level of Education and Project Funding**

		<b>Indicate highest Level of Education</b>				<b>Total</b>
		<b>Certificate</b>	<b>Diploma</b>	<b>Bachellors</b>	<b>Masters</b>	
To what extent does project funding influence private sector participation in public-	Little extent	3	2	2	0	7
	Moderate extent	8	7	12	1	28
	Great extent	6	14	21	0	41



private partnerships in Kenya?	Very great extent	2	6	15	5	28
<b>Total</b>		<b>19</b>	<b>29</b>	<b>50</b>	<b>6</b>	<b>104</b>

From the findings, its clear that level of education affects how the stakeholders access to project funding since they are aware of the procedures and where to get the funds. With high level of education an individual is able to smoothly get the funds since they able to undertake all the procedures well and they have knowledge of the existing donors.

#### 4.5.2 Technological Requirements

The respondents were requested to indicate the extent to which technological requirements influence private sector participation in public-private partnerships in Kenya. Their collective responses were presented in Table 4.7.

**Table 4. 7: Technological Requirements Influence on Participation in Implementation of PPP projects**

	Frequency	Percent
Little extent	11	10.6
Moderate extent	24	23.1
Great extent	49	47.1
Very great extent	20	19.2
<b>Total</b>	<b>104</b>	<b>100</b>

From the results, the study found that technological requirements influence private sector participation in public-private partnerships in Kenya in a great extent as shown by 47.1%, in a moderate extent as illustrated by 23.1%, in a vet great extent as shown by 19.2% and in a little extent as shown by 10.6%. This is an indication that technological requirements influence private sector participation in public-private partnerships in Kenya greatly.

The researcher also asked the respondents to indicate the extent to which various aspects of technological requirements influence private sector participation in public-private partnerships in Kenya. Their answers were presented in Table 4.8.

**Table 4. 8: Technological Requirements Aspects Influence on Participation in Implementation of PPP projects**

	Mean	Std. Dev.
Ease of use	4.0769	0.8668

Applicability	3.9904	0.8867
Compatibility/ Integration with other systems	2.5481	0.5725
Multi-project capacity	4.1154	0.8162
Perceived usefulness	3.9423	0.8570
Advancement	2.4808	0.5909

On the influence of aspects of technological requirements, the respondents indicated that multi-project capacity as illustrated by a mean score of 4.1154, ease of use as indicated by a mean of 4.0769 and applicability as expressed by a mean of 3.9904 influence the private sector participation in public-private partnerships in Kenya in a great extent.

Further in a great extent, the respondents indicated that perceived usefulness as illustrated by a mean score of 3.9423 influence private sector participation in public-private partnerships in Kenya. However, the respondents indicated that compatibility or integration with other systems as expressed by a mean of 2.5481 moderately influence private sector participation in public-private partnerships in Kenya while advancement as illustrated by a mean score of 2.4808 influence the private sector participation in public-private partnerships in Kenya in a little extent.

Moreover, on the ways in which technological requirements influence private sector participation in public-private partnerships in Kenya, the respondents indicated that advanced technology may require people with the skills to use them hence increasing the cost for training which may make private sector participation to reduce in fear of incurring a lot of costs. Further on the same, the respondents indicated that advanced or very high-level technology may discourage the private sector as they may not have the expertise, skills or necessary equipment for design or operation in these projects.

### **Crosstabulations of highest Level of Education and Technological Requirements**

The researcher sought to establish how level of education influences Technological Requirements in private sector participation in public-private partnerships in Kenya. The findings are in Table 4.9.

**Table 4. 9: Crosstabulations of highest Level of Education and Technological Requirements**

		<b>Indicate highest Level of Education</b>				
		<b>Certificate</b>	<b>Diploma</b>	<b>Bachelors</b>	<b>Masters</b>	<b>Total</b>
To what extent does technological requirements influence private sector participation in public-private partnerships in Kenya?	Little extent	0	6	5	0	11
	Moderate extent	5	9	9	1	24
	Great extent	13	14	22	0	49
	Very great extent	1	0	14	5	20
<b>Total</b>		<b>19</b>	<b>29</b>	<b>50</b>	<b>6</b>	<b>104</b>

From the findings, it's clear that project stakeholders with high level of education will be able to understand the technological requirements needed for them to participate fully in the public-private partnerships projects in Kenya. They are able to comprehend how to use, apply and also how compatibility the technology is. This will help them to effectively implement the PPPs projects.

#### **4.5.3 Ease of Doing Business**

The respondents were requested to indicate the extent to which ease of doing business influence private sector participation in public-private partnerships in Kenya. Their responses were presented in Table 4.10.

**Table 4. 10: Ease of Doing Business Influence ON Participation in Implementation of PPP projects**

	<b>Frequency</b>	<b>Percent</b>
Little extent	8	7.7
Moderate extent	42	40.4
Great extent	38	36.5
Very great extent	16	15.4
<b>Total</b>	<b>104</b>	<b>100</b>

On extent of influence of ease of doing business, the respondents indicated ease of doing business moderately influence private sector participation in public-private partnerships in Kenya as shown by 40.4% and greatly influence private sector participation in public-private partnerships in Kenya as shown by 36.5%. The study also revealed that ease of doing business very greatly influence private sector participation in public-private partnerships in Kenya as

shown by 15.4% and lightly as shown by 7.7%. This implies that ease of doing business moderately influence private sector participation in public-private partnerships in Kenya.

The researcher further asked the respondents to indicated extent to which various aspects of ease of doing business influence private sector participation in public-private partnerships in Kenya. Their indications were presented in Table 4.11.

**Table 4. 11: Ease of Doing Business Attributes Influence on Participation in Implementation of PPP projects**

	<b>Mean</b>	<b>Std. Dev.</b>
Nature and extent of bureaucracy	4.0769	0.8668
Labor mobility	3.6923	0.8599
Allocation of resources	2.4808	0.5742
Operational complexity	4.0000	0.8702

As per the findings, the respondents indicated that nature and extent of bureaucracy as indicated by a mean of 4.0769, operational complexity as expressed by a mean of 4.0000 and labor mobility as illustrated by a mean score of 3.6923 greatly influence private sector participation in public-private partnerships in Kenya. However, the respondents specified that allocation of resources as shown by a mean of 2.4808 influence private sector participation in public-private partnerships in Kenya in a little extent.

On the ways in which ease of doing business influence private sector participation in public-private partnerships in Kenya, the respondents indicated that if it is easy to operate or get necessary permits for operation then there will be private sector participation, that it helps to ease administrative and operational activities of the projects and that determines the completion dates of the projects. The respondents also indicated that operational complexity may discourage the private sector from participating in partnerships.

### **Crosstabulations of Experience and Ease of Doing Business**

The researcher sought to establish how experience influences ease of doing business in private sector participation in public-private partnerships in Kenya. The findings are in Table 4.12.

**Table 4. 12: Crosstabulations of Experience and Ease of Doing Business**

		<b>How long have you been with public-private partnerships?</b>			
				<b>10 years and above</b>	
		<b>4 - 6 years</b>	<b>7 - 9 years</b>		<b>Total</b>
To what extent does ease of doing business influence private sector participation in public-private partnerships in Kenya?	Little extent	3	5	0	8
	Moderate extent	6	29	7	42
	Great extent	2	29	7	38
	Very great extent	4	12	0	16
<b>Total</b>		<b>15</b>	<b>75</b>	<b>14</b>	<b>104</b>

The findings make it clear that stakeholders with a lot of experience affects the ease of doing business. This because with a lot of experience where most of the stakeholders were found to have participated in PPP projects for long enough, they able to undertake all activities with ease since it's the same activities they have been undertaking for long.

#### **4.5.4 Project Period**

The respondents were requested to indicate the extent to which project period influence private sector participation in public-private partnerships in Kenya. Their reactions were presented in Table 4.13.

**Table 4. 13: Project Period Influence on Participation in Implementation of PPP projects**

	<b>Frequency</b>	<b>Percent</b>
Little extent	18	17.3
Moderate extent	21	20.2
Great extent	42	40.4
Very great extent	23	22.1
<b>Total</b>	<b>104</b>	<b>100</b>

The respondents showed that project period greatly influence private sector participation in public-private partnerships in Kenya as shown by 40.4% and very greatly as shown by 22.1%. The respondents also indicated that project period greatly influence private sector participation in public-private partnerships in Kenya moderately as shown by 20.2% and lightly as shown by

17.3%. This implies that project period greatly influences private sector participation in public-private partnerships in Kenya.

The researcher further asked the respondents to indicate extent to which various aspects of project period influence private sector participation in public-private partnerships in Kenya. Their responses were presented in Table 4.14.

**Table 4. 14: Project Period Aspects Influence on Participation in Implementation of PPP projects**

	<b>Mean</b>	<b>Std. Dev.</b>
Length of project cycle	4.0962	0.8187
Frequency of partners' interactions	2.7501	0.6348
Systems delays	4.1731	0.7814

The respondents on aspects of project period indicated that systems delay as illustrated by a mean score of 4.1731, length of project cycle as shown by a mean of 4.0962 influence private sector participation in public-private partnerships in Kenya in a great extent. However, the respondents indicated that frequency of partners' interactions as indicated by a mean of 2.7501 influence private sector participation in public-private partnerships in Kenya in a moderate extent.

On the ways in which project period influence private sector participation in public-private partnerships in Kenya, the respondents indicated that PPPs taking longer periods are quite expensive hence making the private sector to opt not to get involved and that project period may influence the willingness of the private sector to form partnerships. The respondent also indicated that long periods have high administrative costs, high level of risks and cost overruns due to delays in the process and poor implementation and that project period influences operational costs and levels of risks involved in the project.

**Crosstabulations of Experience and Project Period**

The researcher sought to establish how experience and project period in private sector participation in public-private partnerships in Kenya. The findings are in Table 4.15.

**Table 4. 15: Crosstabulations of Experience and Project Period**

		<b>How long have you been with public-private partnerships?</b>			
		<b>4 - 6 years</b>	<b>7 - 9 years</b>	<b>10 years and above</b>	<b>Total</b>
To what extent does project period influence private sector participation in public-private partnerships in Kenya?	Little extent	5	6	7	18
	Moderate extent	4	17	0	21
	Great extent	0	41	1	42
	Very great extent	6	11	6	23
<b>Total</b>		<b>15</b>	<b>75</b>	<b>14</b>	<b>104</b>

The findings show that how long stakeholders have been with public-private partnerships greatly affects the projects period. This is because the period in which the project takes to be completed is determined by the experience of each and every stakeholder. Also, the stakeholders with a lot of experience are motivated to participate in PPPs projects.

#### **4.5.5 Government Policies**

The respondents were requested to indicate the extent to which government policies influence private sector participation in public-private partnerships in Kenya. Their reactions were presented in Table 4.1.

**Table 4. 16: Extent of Government Policies Influence on Participation in Implementation of PPP projects**

	<b>Frequency</b>	<b>Percent</b>
Little extent	16	15.4
Moderate extent	23	22.1
Great extent	50	48.1
Very great extent	15	14.4
<b>Total</b>	<b>104</b>	<b>100</b>

From the findings, the respondents indicated that government policies influence private sector participation in public-private partnerships in Kenya in a great extent as shown by 48.1%, in a moderate extent as shown by 22.1% and in a very great extent as shown by 24.4%. The respondents further showed that government policies influence performance in a little extent as

shown by 15.4%. This is an indication that government policies influence private sector participation in public-private partnerships in Kenya in a great extent.

The respondents were further asked by the researcher to indicate the extent to which various aspects of government policies moderate private sector participation in public-private partnerships in Kenya. Their responses were presented in Table 4.17.

**Table 4. 17: Extent of Government Policies Aspects Influence on Participation in Implementation of PPP projects**

	<b>Mean</b>	<b>Std. Dev.</b>
Legal and regulation framework	3.7308	0.8503
Administrative processes guiding local governments	4.3558	0.7622
Impediments in the existing legal framework	2.8654	0.6241
Government expenditure policies	3.3942	0.9391

As per the findings, the respondents indicated that administrative processes guiding local governments as indicated by a mean of 4.3558 and legal and regulation framework as illustrated by a mean score of 3.7308 greatly moderate private sector participation in public-private partnerships in Kenya. However, the respondents indicated that government expenditure policies as shown by a mean of 3.3942 and impediments in the existing legal framework as expressed by a mean of 2.8654 moderate private sector participation in public-private partnerships in Kenya in a moderate extent.

On ways in which government policies moderate private sector participation in public-private partnerships in Kenya, the respondents indicated that legal and regulatory frameworks discourage the participation of private sector and limit participation of with complicated requirements that mostly the private sector in Kenya cannot meet. The respondents also indicated that restrictive policies may discourage the private sector and that government policies help private sector in making decisions on whether to form PPPs.

#### **4.5.6 Private Sector Participation**

The respondents were finally requested to indicate the trend of private sector participation in public-private partnerships in Kenya for the last five years. Their responses are presented in Table 4.18.



**Table 4. 18: Trend of Private Sector Participation**

	<b>Mean</b>	<b>Std. Dev.</b>
Number of PPP projects	4.1923	0.8485
Level of partner's involvement	3.8173	0.8216
Number of projects applications	3.2115	0.7330
Completion and Use of Projects	4.1442	0.8175

From the findings, the respondents indicated that number of PPP projects as illustrated by a mean score of 4.1923, completion and use of Projects as shown by a mean of 4.1442 and level of partner's involvement as expressed by a mean of 3.8173 have improved while number of projects applications as indicated by a mean of 3.2115 have been constant over the last five years.

On the respondents' opinions on what needs to be done to improve private sector participation in PPPs, the respondents recommended that there is a need to offer financial credits and incentives for the private sector. The respondents also suggested that the government can create efficient systems that are not complicated and that there is a need to have realistic projects that provide a high degree of accomplishment. The respondents further indicated that it is important to conduct economic and financial feasibility studies to avoid overestimation, that there is a need for training and seminars to create awareness and improve the understanding of what PPPs entail to the private sector. The respondents also indicated that there is a need to encourage the financial institutions to offer credit at good rates for private sector involved in PPPs and that there is a need for tax exemption or reduction for private sector as well as distribution of risks.

#### **4.6 Inferential Statistics**

The researcher conducted both the Pearson correlation analysis and the regression analysis. The regression analysis was used to establish the relations between the independent and dependent variables while correlation was conducted to assess the degrees of association between the variables.

##### **4.6.1 Pearson Moment Correlation Results**

This was conducted to assess the degrees of association between the variables. A Pearson moment correlation is a number between -1 and +1 that measures the degree of association

between two variables. A positive value for the correlation implies a positive association while a negative value for the correlation implies a negative or inverse association. Table 4.19 shows the results for the Pearson moment correlation.

**Table 4. 19: Correlation Coefficients**

			Private Sector Participation	Funding	Technological requirements	Ease of doing business	Project period	Government policies
Private sector participation in PPPs	Pearson Correlation		1					
	Sig. (2-tailed)							
	N		104					
Funding	Pearson Correlation		.795**	1				
	Sig. (2-tailed)		.001					
	N		104	104				
Technological requirements	Pearson Correlation		.821**	.375**	1			
	Sig. (2-tailed)		.020	.011				
	N		104	104	104			
Ease of doing business	Pearson Correlation		.898**	.759**	.587**	1		
	Sig. (2-tailed)		.000	.000	.000			
	N		104	104	104	104		
Project period	Pearson Correlation		.645**	.839**	.365**	.644**	1	
	Sig. (2-tailed)		.000	.010	.000	.000		
	N		104	104	104	104	104	
Government policies	Pearson Correlation		.733**	.451**	.340**	.632**	.752**	1
	Sig. (2-tailed)		.034	.021	.003	.000	.000	
	N		104	104	104	104	104	104

The analysis of correlation results between the private sector participation in PPPs and funding shows a positive coefficient 0.795, with p-value of 0.001. It indicates that the result is significant at  $\alpha = 5\%$  and that if the funding increases it will have a positive influence on the private sector participation in PPPs. The correlation results between technological requirements and private sector participation in PPPs also indicates the same type of result where the correlation coefficient is 0.821 and a p-value of 0.020 which significant at  $\alpha = 5\%$ .

The results also show that there is a positive association between ease of doing business and private sector participation in PPPs where the correlation coefficient is 0.898, with a p-value of

0.000. Further, the result shows that there is a positive association between project period and private sector participation in PPPs where the correlation coefficient is 0.645, with a p-value of 0.000. Finally, the result shows that there is a positive association between government policies and private sector participation in PPPs where the correlation coefficient is 0.733, with a p-value of 0.000

#### 4.8.2 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 25.0) to code, enter and compute the measurements of the multiple regressions. The model summary was presented in the Table 4.20.

**Table 4. 20: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	0.836	0.699	0.687	0.893

The study used coefficient of determination to evaluate the model fit. The adjusted  $R^2$ , also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The model had an average adjusted coefficient of determination ( $R^2$ ) of 0.687 and which implied that 68.7% of the variations in private sector participation in PPPs are explained by changes in funding, technological requirements, ease of doing business and project period leaving 31.3% unexplained. This prompts for further research.

The study further tested the significance of the model by use of ANOVA technique. The findings are tabulated in Table 4.21.

**Table 4. 21: Analysis of Variance (ANOVA)**

<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sign.</b>
Regression	188.749	4	47.187	57.413	.000
1 Residual	81.367	99	0.822		
<b>Total</b>	<b>270.116</b>	<b>103</b>			

From the ANOVA statics, the study established the regression model had a significance level of 0.00% which is an indication that the data was ideal for making a conclusion on the variables as

the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value ( $57.413 > 2.4636$ ) an indication that funding, technological requirements, ease of doing business and project period all have a significant influence on private sector participation in PPPs. The significance value was less than 0.05 indicating that the model was significant.

In addition, the study used the coefficient table to determine the study model. The findings are presented in the Table 4.22.

**Table 4. 22: Regression Coefficients**

	Un standardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	0.977	0.112		8.723	.000
Funding	0.812	0.393	0.795	2.066	.042
Technological requirements	0.727	0.244	0.643	2.980	.005
Ease of doing business	0.567	0.239	0.533	2.372	.022
Project period	0.721	0.178	0.632	4.051	.000

The regression equation obtained from this outcome was: -

$$Y = 0.977 + 0.812X_1 + 0.727 X_2 + 0.567 X_3 + 0.721X_4$$

As per the study results, it was revealed that if all independent variables were held constant at zero, then the private sector participation in PPPs will be 0.977. From the findings the study revealed that if funding increases by one unit, then private sector participation in PPPs would increase by 0.812. This variable was significant since  $p=0.042$  is less than 0.05.

The study further revealed that if technological requirements changes it would lead to 0.727 change in private sector participation in PPPs. The variable was significant since  $p=0.005 < 0.05$ . Moreover, the study showed that if all other variables are held constant, variation in ease of doing business variates private sector participation in PPPs by 0.567. This variable was significant since  $p=0.022$  was less than 0.05. Finally, the study revealed that variation in project period would change the Private sector participation in PPPs by 0.721. This variable was significant since  $p\text{-value}=0.000$  was less than 0.05.

Generally, funding had the greatest influence on private sector participation in PPPs followed by technological requirements then project period while had the ease of doing business then least effect on the private sector participation in PPPs. All the variables were significant since p-values were less than 0.05.

#### 4.8.3 Regression Analysis with Moderating Variable

A moderated multiple regression analysis was conducted to test moderating effect of on relationship between funding, technological requirements, ease of doing business and project period and Private sector participation in PPPs. The difference in the R square ( $R^2_1 - R^2_2$ ) represents the moderating influence of compliance with legal framework. This hypothesis was tested using two regression models. In the first model, funding, technological requirements, ease of doing business were regressed against project period and Private sector participation in PPPs and in the second model, a moderating variable (government policies) was introduced in the regression model). The model summary is presented in the Table 4.23.

**Table 4. 23: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	0.855	0.730	0.717	0.977

The study used coefficient of determination to evaluate the model fit. The adjusted  $R^2$ , also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The model had an average adjusted coefficient of determination ( $R^2$ ) of 0.717 and which implied that 71.7% of the variations in Private sector participation in PPPs are explained by changes in Funding, Technological requirements, Ease of doing business and Project period and government policies. A 0.3  $R^2$  change in adjusted R implies that government policies have a positive moderating effect on relationship between funding, technological requirements, ease of doing business and project period and Private sector participation in PPPs.

The study further tested the significance of the model by use of ANOVA technique. The findings are tabulated in Table 4.24.

**Table 4. 24: Analysis of Variance (ANOVA)**

Model	Sum of Squares	Df	Mean Square	F	Sign.
Regression	263.712	5	52.742	53.113	.000
1 Residual	97.316	98	0.993		
<b>Total</b>	<b>361.028</b>	<b>103</b>			

From the ANOVA statics, the study established the regression model had a significance level of 0.00% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (53.113>2.3072) an indication that funding, technological requirements, ease of doing business, project period and government policies all have a significant influence on private sector participation in PPPs. The significance value was less than 0.05 indicating that the model was significant.

In addition, the study used the coefficient table to determine the study model. The findings are presented in the Table 4.25.

**Table 4. 25: Regression Coefficients**

	Un standardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	1.068	0.206		5.184	.000
Funding	0.813	0.376	0.917	2.162	.033
Technological requirements	0.734	0.217	0.786	3.382	.001
Ease of doing business	0.596	0.279	0.688	2.136	.035
Project period	0.747	0.171	0.832	4.368	.000
Government policies	0.776	0.104	0.859	7.462	.000

The regression equation obtained from this outcome was: -

$$Y = 1.068 + 0.813 X_1 + 0.734 X_2 + 0.596 X_3 + 0.747 X_4 + 0.776 X_5$$

As per the study results, it was revealed that if all independent variables were held constant at zero, then the private sector participation in PPPs will be 1.068. From the findings the study revealed that if funding increases by one unit, then private sector participation in PPPs would increase by 0.813. This variable was significant since p=0.033 is less than 0.05.

The study further revealed that if technological requirements changes it would lead to 0.734 change in private sector participation in PPPs. The variable was significant since  $p\text{-value}=0.001 < 0.05$ . Moreover, the study showed that if all other variables are held constant, variation in ease of doing business variates private sector participation in PPPs by 0.596. This variable was significant since  $p=0.035$  was less than 0.05. The study further found that project period would change the private sector participation in PPPs by 0.747. This variable was significant since  $p\text{-value}=0.000$  was less than 0.05.

Finally, the study revealed that variation in government policies would change the private sector participation in PPPs by 0.776. This variable was significant since  $p\text{-value}=0.000$  was less than 0.05. Generally, funding had the greatest influence on private sector participation in PPPs followed by government policies then technological requirements then project period while had the ease of doing business then least effect on the private sector participation in PPPs. All the variables were significant since  $p\text{-values}$  were less than 0.05.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents summary of the data findings, discussion of the data findings, conclusion drawn from the findings highlighted and recommendation made. The conclusions and recommendations drawn are focused on addressing the objective of the study.

#### **5.2 Summary of the Findings**

The study sought to determine the influence of project funding on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya. The study found that project funding influence private sector participation in public-private partnerships in Kenya greatly. Moreover, it was clear that huge capital outlay, risk and risk management and timeliness in government funds greatly influence the private sector participation in public-private partnerships in Kenya. Further the study revealed that distribution of costs moderately influences the private sector participation in public-private partnerships in Kenya.

Further the study assessed the influence of technological requirements on private sector participation in public-private partnerships in Kenya and found that technological requirements influences private sector participation in public-private partnerships in Kenya greatly. The study revealed that multi-project capacity, ease of use and applicability influence the private sector participation in public-private partnerships in Kenya in a great extent. The study revealed that perceived usefulness influences private sector participation in public-private partnerships in Kenya greatly. Nevertheless, the study found that compatibility or integration with other systems moderately influence private sector participation in public-private partnerships in Kenya while advancement influence the private sector participation in public-private partnerships in Kenya in a little extent.

The study also sought to find out the influence of ease of doing business on private sector participation in the implementation of public private partnerships projects in Mombasa County,



Kenya. The study revealed that ease of doing business moderately influence private sector participation in public-private partnerships in Kenya. The further found that nature and extent of bureaucracy, operational complexity and labor mobility greatly influence private sector participation in public-private partnerships in Kenya. Moreover, the study specified that allocation of resources influence private sector participation in public-private partnerships in Kenya in a little extent.

The study sought to determine the influence of project period on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya. The study found that project period greatly influences private sector participation in public-private partnerships in Kenya. The study revealed that systems delay, length of project cycle influence private sector participation in public-private partnerships in Kenya in a great extent. The study also found that frequency of partners' interactions influences private sector participation in public-private partnerships in Kenya in a moderate extent.

Finally, the study sought to establish the influence of government policies as a moderating factor on private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya. It was clear that government policies influence private sector participation in public-private partnerships in Kenya in a great extent. The study established that administrative processes guiding local governments and legal and regulation framework greatly moderate private sector participation in public-private partnerships in Kenya. Further the study found that government expenditure policies and impediments in the existing legal framework moderate private sector participation in public-private partnerships in Kenya in a moderate extent.

### **5.3 Discussions of the Findings**

#### **5.3.1 Project Funding**

The study found that project funding influence private sector participation in public-private partnerships in Kenya greatly. Moreover, it was clear that huge capital outlay, risk and risk management and timeliness in government funds greatly influence the private sector participation in public-private partnerships in Kenya. These findings are in line with Sharma

(2012), when government has budget constraints reflected in large deficits and heavy debt burden, they are more likely to adopt PPP type arrangement to accelerate public infrastructure financing in their countries. Bank debt financing remains below pre-crisis levels as the banking sector redefines its risk appetite and makes structural adjustments in anticipation of statutory requirements such as Basel III and national-level regulations.

Further the study revealed that distribution of costs moderately influences the private sector participation in public-private partnerships in Kenya. This concurs with Reside and Mendoza (2010) who argues that private sector participation in the implementation of public private partnerships projects is influenced by amount of fund allocated to finance infrastructure contributes largest in exacerbating the gap in the market for infrastructure finance.

### **5.3.2 Technological Requirements**

The study found that technological requirements influences private sector participation in public-private partnerships in Kenya greatly. The study revealed that multi-project capacity, ease of use and applicability influence the private sector participation in public-private partnerships in Kenya in a great extent. This is in line with Katzenbach and Smith (2015) who argues that Private sector participation in the implementation of public private partnerships projects regard using new technologies because they are very exciting for a project particularly if the technology enables the customer to do things that are otherwise not possible. However, the project manager and the consumer need to be aware of the risks that come with using technology that has not stood the test of time.

The study revealed that perceived usefulness influences private sector participation in public-private partnerships in Kenya greatly. Nevertheless, the study found that compatibility or integration with other systems moderately influence private sector participation in public-private partnerships in Kenya while advancement influence the private sector participation in public-private partnerships in Kenya in a little extent. These findings concur with Engel, Fischer and Galetovic (2010) who noted that private sector participation in the implementation of public private partnerships projects have been able to successfully integrate technology and strategy implementation have created significant business returns. The importance of ICT in supporting

strategy thus cannot be underestimated. Especially with the shortening of the PLC, ICT will play an increasing role in defining the strategic basis of competitive advantage. Firms that have been able to harness the use of technology will be the firms that will emerge as survivors in the next shakeout. Technology strategy, or strategic technology, whichever interpretation that may appeal to the firm, will be the imperative for tomorrow's market place.

### **5.3.3 Ease of Doing Business**

The study revealed that ease of doing business moderately influence private sector participation in public-private partnerships in Kenya. The further found that nature and extent of bureaucracy, operational complexity and labor mobility greatly influence private sector participation in public-private partnerships in Kenya. These findings correlate with Delmon (2017) who stated that competent authorities and ministries in the procurement process, such as assessment of feasibility and value for money for potential PPP and in formulating the basic plan for PPP, formulation of the request for proposal enhances financing of infrastructure projects. Implication for policy is government forming formidable legal and regulatory framework for PPP and for practice concessionaire with good consortium and adequate financial capability should be engaged for future PPP projects.

Moreover, the study specified that allocation of resources influence private sector participation in public-private partnerships in Kenya in a little extent. This is in line with Zhang (2009) who noted that to safeguard project economic feasibility, private sector participation in the implementation of public private partnerships projects require the government ponder some forms of government guarantees, joint investment funding, or supplemental periodic service payments to permit the private sector cover the project fundings and earn judicious profits and investment returns. At the same time, the government should take due consideration of private sector 's profitability requirements in order to have stable arrangements in PPP projects.

### **5.3.4 Project Period**

The study found that project period greatly influences private sector participation in public-private partnerships in Kenya. The study revealed that systems delay, length of project cycle influence private sector participation in public-private partnerships in Kenya in a great extent.

The study also found that frequency of partners' interactions influences private sector participation in public-private partnerships in Kenya in a moderate extent. These findings are consistent with UNECE (2008) report the most countries private sector participation in the implementation of public private partnerships projects are applying the "no service, no pay" principle that ensures the private partner is incentivized for timely delivery and operation of project assets. Better overall governance by private sector entities enables the private partner to have better control of cost overruns contrary to traditional public procurements which are often characterized by significant construction delays and cost overruns.

### **5.3.5 Government Policies**

It was clear that government policies influence private sector participation in public-private partnerships in Kenya in a great extent. The study established that administrative processes guiding local governments and legal and regulation framework greatly moderate private sector participation in public-private partnerships in Kenya. Further the study found that government expenditure policies and impediments in the existing legal framework moderate private sector participation in public-private partnerships in Kenya in a moderate extent. These findings correlate with Farquharson, Torres, Yescombe, and Encinas (2011) who suggest that with the use of a strong framework, governments can ensure that PPPs are successful. The foundation of a successful PPP lies in the time and effort spent in establishing the policy, legal and regulatory frameworks. Further, a clear PPP process map, including quality assurance and approval processes should be established. The government should also capitalize on the experience of those who have managed the PPP process before. The best practices for the public sector apply to every stage in the formation and implementation of a PPP, from selecting and designing the project, to developing a regulatory structure and a transaction process, to supervising the concessionaire (the private company entitled to temporarily own and operate the asset) throughout the project's life cycle.

### **5.4 Conclusions**

The study concluded project funding influences private sector participation in the implementation of public private partnerships projects in Mombasa County greatly and significantly. It was clear that private sector participation in public-private partnerships in Kenya

are greatly affected by the huge capital outlay, risk and risk management as well as timeliness in government funds. Moreover, it was clear that distribution of costs among the stakeholders have a moderate influence on the private sector participation in public-private partnerships in Kenya.

Further the study concluded that technological requirements influences sector participation in public-private partnerships in Kenya greatly and positively. This was attributed to the facts that multi-project capacity, ease of use and applicability and perceived usefulness have great influences on private sector participation in public-private partnerships in Kenya. However, the study established that compatibility or integration with other systems have a moderate influence on private sector participation in public-private partnerships in Kenya.

The study also concluded that ease of doing business greatly and significantly influences private sector participation in the implementation of public private partnerships projects in Mombasa County, Kenya. This was as a result of great effect on private sector participation in public-private partnerships in Kenya by nature and extent of bureaucracy, operational complexity and labor mobility and little influence posed by allocation of resources.

The study concluded that project period influences private sector participation in the implementation of public private partnerships projects greatly. It was clear that delay in systems, length of project cycle greatly influences private sector participation in public-private partnerships in Kenya. Moreover, it was established that frequency of partners' interactions influences private sector participation in public-private partnerships in Kenya moderately.

Finally, the concluded that government policies as a moderating factor influence private sector participation in the implementation of public private partnerships projects in Mombasa County significantly. This was attributed administrative processes guiding local governments and legal and regulation framework which greatly moderate private sector participation in public-private partnerships in Kenya. Also, government expenditure policies and impediments in the existing legal framework constantly moderate private sector participation in public-private partnerships.

## **5.5 Recommendation of the Study**

The study recommends that the Government should ensure that Contracting Authorities are adequately funded to undertake relevant studies for effective implementation of PPPs. To be successful, PPP projects should be attractive to the private sector i.e. have a strong business case or satisfy key commercial terms. This may require a feasibility analysis to establish whether the project makes sense at all and if it has the potential to be implemented as a PPP. The PPP policy emphasizes feasibility of a project as a condition precedent in delivering a successful project and states that a good and comprehensive feasibility study has to be undertaken to assess, among other criteria; affordability of project to both Government and the general public, bankability to attract private sector to commit finances in a project, value for money, optimal risk allocation among the parties, economic and social benefits and citizens empowerment.

The government should promote the transparency in the different phases of Public-Private-Partnership projects through a legislative action and combat corruption. The transparency should include the open information of the procedures of a Public-Private-Partnership project which entails the different phases of evaluation; implementation and post-implementation of the project should be open to the public. The government should create a guarantee fund for infrastructure projects to supply with enough guarantees to mitigate some risks such as economic or political during the lifetime of the project.

The Government should also foster the private participation in Public-Private-Partnership projects, develop a strong and independent monitoring unit for the maintenance of the project, ensure the proper allocation of the risk by including risk-management experts, include private partners from the beginning of the project and provide economic incentives. The state corporations, contractors and other stakeholders in the construction industry should utilize the study to profit the organization by critically understanding the factors that influence the performance of Public-Private-Partnerships and also devise strategies to mitigate the constraining factors and challenges of Public-Private-Partnership so as to ensure a successful Public-Private-Partnership is attained by benefiting all parties.

Financial management is a critical aspect of the PPP implementation and there is need to develop responsive financial systems that reduces allocative bottlenecks alongside ensuring accountability through regular reporting and structured authorization stages. Programs managers in charge of conceptualizing PPP in public-private partnerships projects together with project finance manager should design an integrated and responsive financial management system and structure with user friendly interface to reduce reporting and capable of giving real time information for faster decision making. Additionally, the project management should develop ways to ensure that public-private partnerships projects are sustainable and have continuous flow of finance even after the external sources are discontinued. This can be done if elements of project outputs have marketable characteristics and are tolerant to economic fluctuations.

Competence of project management as well as technical and administrative staff should be continuously improved through training. The training programs should be compressed to reduce the length of learning curve so that the benefits can be achieved by staff without having to stay in the organization for long. This will ensure that staff members get competence that can be applied soonest and improve efficiency. Furthermore, it's imperative for top management to have full commitment to the project, establish structures such as job redesign to delegate responsibilities and support middle and lower level staff during project implementation. Incentives and rewards can improve staff performance.

Even though political process is part and parcel of PPP, there is need to shield PPP initiatives and processes through developing and enforcing legal and policy frameworks such as tenure security, giving project specialist freehand to hire competent staff without interferences. Additionally, strong stakeholder involvement in the project should be emphasized from the planning stage to develop project process that is more responsive and create an environment where political process is used for the sole reason of securing resources and support.

## **5.6 Suggestions for Further Research**

This study focused determinants of private sector participation in the implementation of public private partnerships projects in Kenya focusing at public-private partnerships based in Mombasa County. The same study should be done based on other counties in Kenya.

Moving from project management perspective to stakeholder analysis, future studies should explicitly assess of the level of stakeholder involvement, their opinions and views on PPP implementation in Kenya. Studies should also focus on examining the policy and legal framework as well as bottlenecks affecting implementation of PPP in Kenya.

The study suggested that a further research be conducted on: successful factors for the implementation of public private partnerships in the construction industry and factors affecting the performance of public-private partnerships in infrastructure financing in Kenya.



## REFERENCES

- Achieng, O. O. (2013). *Performance measurement approaches in public-Private partnership in Kenya*. Doctoral dissertation, University of Nairobi.
- Airoldi, M., Chua, J., Gerbert, P., Justus, J. & Rilo, R. (2013). *Meeting the Infrastructure Challenge with Public-Private Partnerships: Bridging the Gap*. Retrieved August 22, 2014, from BCG Perspectives:  
[https://www.bcgperspectives.com/content/articles/public\\_sector\\_transportation\\_travel\\_tourism\\_meeting\\_the\\_infrastructure\\_challenge\\_with\\_public\\_private\\_partnerships/](https://www.bcgperspectives.com/content/articles/public_sector_transportation_travel_tourism_meeting_the_infrastructure_challenge_with_public_private_partnerships/)
- Atieno, O. J. (2014). *Implementation of Public Private Partnerships in Kenya's Public Sector*. Doctoral dissertation, University of Nairobi.
- Austria, S. A. (2013). *PPP is NOT Privatization*. Retrieved from PPP Center:  
<http://ppp.gov.ph/?p=14948>
- Barney, J. B. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management* 17(1), 99-120.
- Beh, L. S. (2010). Development and Distortion of Malaysian Public Private Partnerships—Patronage, Privatized Profits and Pitfalls. *Australian Journal of Public Administration* 6(9), 74-84.
- Bhattacharya, A., Romani, M. & Stern, M. (2012). *Infrastructure financing: Meeting the challenges*. London: Grantham Research Institute.
- Blankenburg, D. & Johanson, J. (1992). Managing network connections in international business. *Scandinavian International Business Review*, 1(1), 2.
- Bohme, A. (2010). Public-Private Partnerships in the MENA Region in Times of Crisis: Current Trends in Private Sector Participation and PPP Policy Evaluation in MENA. IEMed Mediterreanean Yearbook.
- Briceño-Garmendia, C., Smits, K. & Foster, V. (2008). Financing public infrastructure in sub-Saharan Africa: Patterns and emerging issues. *Background Paper*, 15.

- Buse, K. & Tanaka, S. (2011). Global Public-Private Health Partnerships: lessons learned from ten years of experience and evaluation. *International dental journal*, 61(2), 2-10.
- Capital, A. (2010). Public private partnerships—the answer to Nigeria’s infrastructure problems? *Alitheia Capital*. 51(2), 51-78.
- Chartri., A.K. (2012). *Public Private Partnerships in Solid Waste Management Potential and Strategies, India PVT LTD*. Pearson Education India.
- Cheung, E. (2009). *Developing a best practice framework for implementing public private partnerships (PPP) in Hong Kong*. Unpublished Doctoral Dissertation: Queensland University of Technology
- Deepa N. (2015). *Rang De: Social Investment, Innovations in Micro Finance- An Ease of Doing Business. Ease of Doing Business: Contemporary, Issues, Challenges & Future Scope (Pp. 191-194)*. Ahmedabad: Gujarat Technological University.
- Delmon, J. (2017). *Public-private partnership projects in infrastructure: an essential guide for policy makers*. Cambridge University Press.
- Engel, E. M., Fischer, R. D. & Galetovic, A. (2010). The economics of infrastructure finance: Public-private partnerships versus public provision. *EIB papers*, 15(1), 40-69.
- Enshassi, A. & Kumaraswamy, M. (2009). Delays and cost overruns in the construction projects in the Gaza Strip. *Journal of Financial Management of Property and Construction*, 14(2), 126-151.
- Eschenfelder, B. (2011). Funder-initiated integration. *Nonprofit Management and Leadership*, 21(3), 273-288.
- Farquharson, E., Torres, C., Yescombe, E. & Encinas, J. (2011). How to Engage with the Private Sector in Public-Private Partnerships in Emerging Markets. *Public-Private Infrastructure Advisory Facility*, 45(3), 1-198.

- Gatti, S. (2013). *Project finance in theory and practice: designing, structuring, and financing private and public projects*. Academic Press.
- Godwyn, M. & Gittel, J. H. (2011). *Sociology of organizations: Structures and relationships*. London; Sage Publications.
- Gordon, R., Nell, M. & Bertoldi, A. (2007). Overview of urban land as a commodity in South Africa: research findings and recommendations. *Report submitted to Matthewed Nell and Associates. June*.
- Government of Kenya, (2012). *Public Sector Stakeholders Partnership Report Document*. Office of the Prime Minister.
- Guth, W. D. & MacMillan, I. (1986). Strategy Implementation versus Middle Management Self - Interest. *Strategic Management Journal* 7 (1),25-41.
- Hillman, A. J., Withers, M. C. & Collins, B. J. (2009). Resource Dependence Theory: A Review. *Journal of Management*, 5(32),1-24.
- Hitesh, G. (2015). *Ease of Doing Business in India: An Overview of Issues and Recent Developments. Ease of Doing Business: Contemporary, Issues, Challenges & Future Scope (Pp. 118-131)*. Ahmedabad: Gujarat Technological University.
- Hodge, G. & Greve, C. (2013). Public-Private Partnership: A Contemporary Research Agenda. *Paper for the Public-Private Partnership Conference Series 41*
- Kamande, M. M. (2014). *Factors Influencing Partnerships Between Non-Governmental Organizations and Selected Private Sector Organisations: A Case of Organizations in Nairobi County*. Doctoral dissertation, University of Nairobi.
- Katzenbach, J. R. & Smith, D. K. (2015). *The wisdom of teams: Creating the high-performance organization*. Harvard Business Review Press.
- Keller, E. F. (2010). *The mirage of a space between nature and nurture*. Duke University Press.
- King'oo, C. K. (2015). *Determinants of public private partnership in solid waste management: the case of Mombasa County, Kenya*. Doctoral dissertation, University of Nairobi.
- Koimett, E. (2013). *Public-Private Partnerships in Kenya*. Nairobi: Ministry of Finance.

- Kombo, D.K & Tromp, D. A. (2010). *Proposal Writing and Theses Proposal: An introduction* Paulines Publications, Nairobi.
- Koschmann, M., Kuhn, T. & Pfarrer, M. (2012). A Communicative Framework in Cross Sector Partnerships. *Academy of Management Review*, 3(3), 332-354.
- Krejcie, R. V. & Morgan, D. W. (1970). Determining Sample Size for Research Activities. *Educational and Psychological Measurement*, 30, 607-610.
- Kwak, Y. & Chih, Y. (2009). Towards a comprehensive understanding of public private partnerships for infrastructure development. *California Management Review* 51(2), 51-78.
- Laffont, J. & Mattiford, D. (2002). *The Theory of incentives: The Principal Agent Model* Princeton. New Jersey: Princeton University Press.
- Laudon, K. C. & Laudon, J. P. (2016). *Management information system*. Pearson Education India.
- Mbugua, E. N. (2015). *Factors Influencing the Implementation of Public Private Partnership in Agricultural Projects in Kenya: A Case of Amiran and Youth Enterprise Development Fund Projects in Muranga County*. Doctoral dissertation, University of Nairobi.
- Meidutė, I. & Paliulis, N. K. (2011). Feasibility study of public-private partnership. *International Journal of Strategic Property Management*, 15(3), 257-274.
- Oakland, J.S. & Marosszeky, M (2017). *Total construction management: Lean quality in construction project delivery*. New York, NY: Routledge.
- Ogunlana, S. & Toor, G. (2009). Public-Private Partnership in infrastructure development: Case studies from Asia and Europe.
- O'Leary, Z. (2017). *The essential guide to doing your research project*. Sage Publications.
- Orodho, C.R. (2009). *Elements of Education and Social Science Research Methods. Second Education Kenya: Kanezja Publishers*

- Otungu, A., Nyongesa, J., Ochieng', E. & Kaburi, S. (2011). Strategic Management: The Link between Agency Theory and the company's Competitive Advantage. *International Journal of Business and Social Science*, 2, (23), 232-237.
- Pfeffer, J. & Salancik, G. (1978). *The External Control of Organizations: A Resource Dependence Perspective*. New York: Harper & Row Publishers.
- Prenkert, F. & Hallén, L. (2006). Conceptualising, delineating and analysing business networks. *European Journal of Marketing*, 40(3), 384-407.
- Private Private Partnership Manual, (2004). Pretoria, South African National Treasury, Module I. Retrieved from <http://www.ppp.gov.za/>
- Public Private Partnership (PPP) Guideline (2009), "Public-Private Partnership", Unit Prime Minister Department, Putrajaya.
- Raval, D. A. (2015). An In-Depth Study of Political Environment and Mechanism (Democracy & Autocracy) In the Area of Ease of Doing Business. *Ease of Doing Business: Contemporary, Issues, Challenges & Future Scope*. Ahmedabad: Gujarat Technological University.
- Reside, R. E. & Mendoza, A. M. (2010). *Determinants of outcomes of public-private partnerships (PPP) in infrastructure in Asia* (No. 2010, 03). Discussion paper//School of Economics, University of the Philippines.
- Rostiyanti, S. F. & Tamin, R. Z. (2010). Identification of Challenges in Public Private Partnership Implementation for Indonesian Toll Road. *Proceedings of the First Makassar International Conference on Civil Engineering (MICCE2010)*, (pp. 1131-1136). Makassar.
- Rumsey, C. & Langrall, C. W. (2016). Promoting mathematical argumentation. *Teaching Children Mathematics*, 22(7), 412-419.
- Saunders, M., Lewis P. & Thornhill, A. (2009). *Research Methods for Business Students*. New Jersey: Prentice Hall.
- Sharma, C. (2012). Determinants of PPP in infrastructure in developing economies. *Transforming Government: People, Process and Policy* 6(2),149-166.

- Sheth, P. D. (2015). *Ease of Doing Business and Environmental Clearance for Infrastructure Projects in India. Ease of Doing Business: Contemporary Issues, Challenges & Future Scope. (Pp. 374-378)*. Ahmedabad: Gujarat Technological University
- Singh, C. P. (2015). *Ease of Doing Business an Efficiency Analysis: Government Vs Private Sector. Ease of Doing Business: Contemporary Issues, Challenges & Future Scope (Pp. 89-98)*. Ahmedabad: Gujarat Technological University.
- Smith, P. K. (2014). *Understanding school bullying: Its nature and prevention strategies*. London, Sage publications.
- Spackman, E. & Swayne, D. E. (2008). Domestic pigs have low susceptibility to H5N1 highly pathogenic avian influenza viruses. *PLoS pathogens*, 4(7), e1000102.
- Srivastava, D. S. (2015). *Importance of Single Window Mechanism and Usage of Technology to Speed Up Procedures for Ease of Doing Business. Ease of Doing Business: Contemporary, Issues, Challenges & Future Scope (Pp. 99-110)*. Ahmedabad: Gujarat Technological University.
- Srouf, I. M., Abdul-Malak, M. U., Yassine, A. A. & Ramadan, M. (2013). A methodology for scheduling overlapped design activities based on dependency information. *Automation in Construction*, 7 (29), 1-11.
- Stella, C. N. (2015). *Factors influencing funding of public private partnership road projects: the case of infrastructural development of Thika road in Kenya*. Doctoral dissertation, University of Nairobi.
- Tokudo, A. (2005). The Critical Assessment of the Resource Based View of Strategic Management - The Source of Heterogeneity of the Firm. *Ritsumeikan International Affairs*. (3), 125-150.
- Trochim, W. (2005). *Research Methods: The Concise Knowledge Base*. Atomic Dog. India
- United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), (2011) "A guidebook on: Public-Private Partnership in infrastructure" United Nations.

- Vaghela, V. G. (2015). *Re: Think on Indian Tax Structure. Ease of Doing Business: Contemporary Issues, Challenges & Future Scope (Pp. 351-357)*. Ahmedabad: Gujarat Technological University.
- Vikrant G. & Vala, K. J. (2015). *Trading Across Borders: Scope of Enhancement Indian Perspective. Ease of Doing Business: Contemporary, Issues, Challenges & Future Scope (Pp. 142-148)*. Ahmedabad: Gujarat Technical University.
- Witters, L., Marom, R. & Steinert, K. (2012). The Role of Public Private Partnerships in Driving Innovation. *The Global Innovation Index*, 81-87.
- World Bank (2011). *Public Private Partnerships in Secondary School Education in India. A Background Paper prepared by the World Bank Group In support of International Conference on 'Public Private Partnerships in Secondary Education'. August 29 and 30, 2011, India*. Washington DC: World Bank.
- Yin, R. K. (2011). *Applications of case study research*. London: Sage publications
- Yuan, J., Skibniewski, M. & Zheng, L. (2010). Performance Objectives Selection Model in Public-Private Partnership Projects Based on the Perspective of Stakeholders. *Journal of Contemporary Research in Business*. 26(2), 89–104.
- Zhang, S. (2009). The use of performance information in external reporting on empirical study of UK. Executives agencies, *financial accountability and management* 11(1),1-17.
- Zikmund, W. G., Babin, B. J., Carr, J. C. & Griffin, M. (2013). *Business research methods*. Cengage Learning.
- Zina, M., & OLeary, R. (2010). *The Essential Guide to Doing Your Research Project*. Los Angeles: CKG Publishers

## APPENDICES

### Appendix I: Letter of Transmittal

Dear Respondent,

#### **RE: REQUEST TO PROVIDE RESEARCH INFORMATION**

I am a Master's student at the School of Continuing and Distance Education at the University of Nairobi currently conducting a research study on *Determinants of Private Sector Participation in the implementation of public private partnerships projects in Kenya. A Survey of Public-Private Partnerships Based in Mombasa County.*

You have been selected as one of the respondents to assist in providing the requisite data and information for this undertaking. I kindly request you to spare a few minutes and answer a few questions. The information obtained will be used for academic purposes only and will be treated with utmost confidentiality. Your identity will be anonymous and your name shall not be recorded.

Kindly respond to all the questions honestly and truthfully.

Yours faithfully,



**Appendix I: Research Questionnaire**

This questionnaire is to collect data for purely academic purposes. The study seeks to investigate the determinants of private sector participation in the implementation of public private partnerships projects in Kenya. a survey of public-private partnerships based in Mombasa County. All information will be treated with strict confidence. Do not put any name or identification on this questionnaire.

Answer all questions as indicated by either filling in the blank or ticking the option that applies.

**Section A: General Information (Please tick [√] appropriate answer**

1. Indicate highest Level of Education

PHD [ ] Masters [ ] Bachelors [ ] Diploma [ ] Certificate [ ]

2. How long have you been with public-private partnerships?

Less than 3 years [ ] 4-6 years [ ] 7-9 years [ ]

10 years and above [ ]

**Section B: Determinants of Private Sector Participation in the Implementation of Public Private Partnerships Projects**

**Project funding**

3) To what extent does project funding influence private sector participation in public-private partnerships in Kenya?

Very great extent [ ] Great extent [ ]

Moderate extent [ ] Little extent [ ] No extent [ ]

4) Please indicate the extent that the following aspects of project funding influence private sector participation in public-private partnerships in Kenya?

Where: 5- Very Great Extent 4-Great Extent 3-Moderate Extent

2-Low Extent 1- No Extent

	1	2	3	4	5
--	---	---	---	---	---

Huge capital outlay					
Distribution of costs					
Timeliness in government funds					
Risk and risk management					

5) In what ways does project funding influence private sector participation in public-private partnerships in Kenya?

.....  
 .....

**Technological requirements**

6) To what extent does technological requirements influence private sector participation in public-private partnerships in Kenya?

Very great extent [ ] Great extent [ ]  
 Moderate extent [ ] Little extent [ ] No extent [ ]

7) Please indicate the extent that the following aspects of technological requirements influence private sector participation in public-private partnerships in Kenya?

Where: 5- Very Great Extent      4-Great Extent      3-Moderate Extent  
 2-Low Extent      1- No Extent

	1	2	3	4	5
Ease of use					
Applicability					
Compatibility/ Integration with other systems					
Multi-project capacity					
Perceived usefulness					
Advancement					

8) In what ways does technological requirements influence private sector participation in public-private partnerships in Kenya?

.....  
 .....

**Ease of doing business**

9) To what extent does ease of doing business influence private sector participation in public-private partnerships in Kenya?

Very great extent [ ] Great extent [ ]  
 Moderate extent [ ] Little extent [ ] No extent [ ]

10) Please indicate the extent that the following aspects of ease of doing business influence private sector participation in public-private partnerships in Kenya?

Where: 5- Very Great Extent      4-Great Extent      3-Moderate Extent  
 2-Low Extent      1- No Extent

	1	2	3	4	5
Nature and extent of bureaucracy					
Labor mobility					
Allocation of resources					
Operational complexity					

11) In what ways does ease of doing business influence private sector participation in public-private partnerships in Kenya?

.....  
 .....

**Project period**

To what extent does project period influence private sector participation in public-private partnerships in Kenya?

Very great extent [ ] Great extent [ ]  
 Moderate extent [ ] Little extent [ ] No extent [ ]

4) Please indicate the extent that the following aspects of project period influence private sector participation in public-private partnerships in Kenya?

Where: 5- Very Great Extent      4-Great Extent      3-Moderate Extent  
 2-Low Extent      1- No Extent

	1	2	3	4	5
Length of project cycle					

Frequency of partners' interactions					
Systems delays					

5) In what ways does project period influence private sector participation in public-private partnerships in Kenya?

.....  
 .....

**Government Policies**

To what extent does government policies moderate private sector participation in public-private partnerships in Kenya?

Very great extent [ ] Great extent [ ]  
 Moderate extent [ ] Little extent [ ] No extent [ ]

4) Please indicate the extent that the following aspects of government policies moderate private sector participation in public-private partnerships in Kenya?

Where: 5- Very Great Extent      4-Great Extent      3-Moderate Extent  
 2-Low Extent      1- No Extent

	1	2	3	4	5
Legal and regulation framework					
Administrative processes guiding local governments					
Impediments in the existing legal framework					
Government expenditure policies					

5) In what ways does government policies moderate private sector participation in public-private partnerships in Kenya?

.....  
 .....

**Private Sector Participation**

4) What has been the trend of private sector participation in public-private partnerships in Kenya for the last five years?

Where: 5- Greatly Improved  
2-Decreased

4-Improved  
1- Greatly Decreased

3-Constant

	1	2	3	4	5
Number of PPP projects					
Level of partner's involvement					
Number of projects applications					
Completion and Use of Projects					

5) In your opinion what do you recommend should be done to improve private sector participation in public-private partnerships in Kenya?

.....  
.....

**Appendix III: Research Work Plan**

Activity	TIMEFRAME																			
	April				May				June				July				August			
	Week				Week				Week				Week				Week			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Topic selection & approval	■																			
Supervisor appointment		■																		
Produce draft proposal			■	■																
Incorporate supervisors reviews			■	■	■	■														
Proposal ready for presentation							■	■												
Incorporation of panel comments									■	■										
Pilot testing of questionnaire											■									
Data collection												■	■							
Data processing and analysis													■	■						
Review of draft by supervisor														■	■					
Incorporate supervisor comments																■				
Submit thesis																	■	■		
Defend thesis																				■

#### Appendix IV: Estimated Research Budget

<b>TASK/ACTIVITY</b>	<b>COST(Ksh)</b>
Pilot Testing of questionnaire	5000
Questionnaire printing & photocopying	10000
Local Travelling for data collection	5000
Field data collection	15000
Data sorting, coding & input	10000
Data Analysis	5000
Printing & binding thesis report	10000
Contingency budget	5000
<b>Total Budget</b>	<b>65000</b>