Loose Coupling, Vouchers and Informal Training: What Kenya’s Universities Can Learn

Ishmael I. Munene* and Wycliffe Otieno**

Abstract
Educational reforms in African countries that are spearheaded by international donor agencies like the World Bank have earned the skeptical eye of policy analysts and scholars both locally and abroad. The World Bank’s Structural Adjustment Programme, for instance, has been faulted for increased drop-outs in schools, especially by the poor, and for the general retreat from financing education by national governments. This paper presents a different argument. It examines the success attained in Kenya’s informal sector training programme, the Jua Kali Voucher Training Programme (JKVTP), a collaboration between the World Bank, the Kenyan Government and the private sector. Using loose coupling as an analytical framework, we illustrate why the voucher system, a World Bank reform, has worked with the JKVTP but failed to materialise in Kenya’s higher education. By analyzing the coupling arrangements with the political state, markets, and policymaking, we demonstrate why vouchers generate differential outcomes in the two sectors of education. The paper concludes by suggesting policy implications for Kenya’s universities.

Résumé
Dans les pays africains, les réformes en matière d’éducation, conduites par les agences de financement internationales, telles que la Banque Mondiale, laissent sceptiques les analystes spécialisés en politique publique, ainsi que les universitaires locaux et internationaux. Par exemple, le Programme d’Ajustement Structurel de la Banque Mondiale a été pointé du doigt pour avoir augmenté le taux d’abandon dans les

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écoles, particulièrement chez les pauvres, mais a également été accusé d'amener les gouvernements nationaux à retirer leurs financements à l'éducation. Cet article présente un argument tout à fait différent. Il examine le succès remporté par le programme de formation du secteur informel Kenyan, prénommé le Jua Kali Voucher Training Programme (JKVTP), qui est le fruit d'une collaboration entre la Banque Mondiale, le gouvernement kenyan et le secteur privé. En se servant du loose coupling comme cadre analytique, nous montrons ici pourquoi le système des bons, qui constitue une réforme de la Banque Mondiale, a fonctionné pour le JKVTP, mais n'est pas parvenu à se matérialiser dans le domaine de l'enseignement supérieur kenyan. En analysant le fonctionnement entre l'état politique, les marchés et le système de prise de décision, nous montrons pourquoi le système de bons produit des résultats différentiels dans les deux secteurs de l'éducation. Cet article conclut en présentant quelques implications en matière de politique publique, concernant les universités kenyanes.

The Argument

It is not often that concepts like ‘loose coupling’ and ‘educational vouchers’ are discussed with informal training. Yet in Kenya, such a discussion offers valid insights into the success of educational vouchers in one sector but their non-implementation in another. The success of vouchers in financing informal training among self-employed artisans invites the question of why such an achievement has failed to materialise in financing higher education. This question is even more appropriate given the criticism that has accompanied privatisation initiatives in the educational sector, particularly when international donor agencies like the World Bank are the catalysts (Munene 2003; Zeleza 2003).

A basic question is how we explain the success of the bank’s projects among low-income groups. What lessons do such successes hold for other sectors? The apparent success of the bank-sponsored educational voucher scheme for financing informal sector training warrants analysis. Using loose coupling as an analytical framework, this paper argues that political influence, market coordination and democratic policymaking have contributed to the different outcomes for vouchers in the two educational sectors.

The Case for and against Educational Vouchers

Educational vouchers are chits issued by a funding agency (usually government) specifying the amount of monetary support for which a beneficiary is eligible which he or she surrenders to an educational/training institution upon admission. The institution returns the chit to the issuing agency for monetary reimbursement. As defined by Dohmen (2000:4), ‘a voucher is a coupon which
is handed over to students or their parents and entitles them to education. The coupon represents a certain value expressed in terms of money or time’.

The relationship between the players in a voucher system is presented in Figure 1. As the figure illustrates, the government is the principal catalyst of the system, determines the overall functioning mechanism, and provides this information to both students and institutions. Students can make effective decisions only when sufficient information is available, in itself a major challenge. Advocates of this system see it as an innovative way of introducing market mechanisms into the financing of education which would be particularly useful in higher education. The drive to expand public funding for higher education, both public and private, in the form of vouchers has been advocated by such multi-lateral funding agencies as the World Bank (1995, 1997), scholars (Glewenn & Patrinos 1998; Henderson 1994; Lieberman 1991a, 1991b), and policymakers.

Figure 1: Voucher Scheme Relationships

...activate their vouchers by enrolling in training programmes at...

...sets criteria for eligibility and redemption conditions for...

...redeem student vouchers with...

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Students

Educational institutions

Government
Voucher advocates have cited choice as one of its cardinal benefits. Since public education tends to be a government monopoly, it denies education consumers free choice in the pursuit of education (Friedman 1962). In free-market competition, consumers can choose the best educational alternative for them. Educational institutions would have to be sensitive and accountable to the consumers and hence would improve their product offerings. Thus, vouchers perform a dual role: choice for consumers, and improved educational quality from institutions.

Another argument in support of vouchers relates to equity effects. Vouchers tend to distribute quality to a wider segment of the population, especially low-income groups who can thereby gain access to high-quality private institutions. Most voucher advocacy is couched in terms of the distributive benefits towards the poor as far as access to quality education is concerned. The political implications of this view are enormous, which is why McEwan and Carnoy (1999:11) contend that, even though only a limited number of vouchers may be available, advocates put ‘stock in the “the rising tide lifts all boats” argument that educational efficiency gains would be large enough to raise consumer welfare among all groups’.

Not surprisingly, vouchers have also been criticised, especially for their negative impact on equity. Critics have argued that vouchers could precipitate educational inequities by attracting students who cost less to educate. These lower-cost students tend to have higher socio-economic status since they can afford to supplement public vouchers or have no special learning needs (McEwan & Carnoy 1999).

Market-driven education systems such as those propounded by voucher advocates have also been criticised for their effects on education quality and external efficiency. Albrecht and Ziderman (1992) argue that student-driven systems could erode educational standards and undermine the development of expensive fields like the hard sciences and engineering. They also note that vouchers function less well where labor markets do not operate smoothly. Where graduate unemployment is high, where information about educational programmes and their relevance to the labor market is scanty, and where the state has historically been the main employer of college graduates, vouchers may not offer a competitive advantage over traditional grants and loans. In such a situation, vouchers cannot stimulate training in certain areas nor catalyze competition among various institutions.

Another area of scrutiny is the extent to which public funds should subsidise private education. In the United States, for instance, using public funds in private higher education has been justified because they facilitate the functioning of the academic marketplace and promote competition among all sectors of
higher education. According to Zummeta (2001:402), state subsidies to private higher education are designed to nearly equalise net prices between private and public institutions and to encourage competition between the two sectors as long as such competition does not compromise educational quality. Furthermore, vouchers provide an ideal arena for expressing individualism in education. Critics, however, contend that using tax money for private institutions deprives public institutions of much-needed revenue which they cannot easily recoup because of restrictions on how they can raise additional revenue. Furthermore, some of the goals of private institutions receiving these public funds may be religious (Krashinsky 1986).

In Kenya, the status of vouchers remains mixed. The government wishes to liberalise the financing of higher education through a market-based financing arrangement. The 1994/1998 development plan was especially emphatic in the state’s desire to make higher education market-driven (Kenya 1994, 1998), but this goal has not yet been reached. The state articulated this market-competitive policy:

The central thrust of the new policies is to rely on market forces to mobilize resources for growth and development with the role of central government increasingly confined to providing an effective regulatory framework and essential public infrastructure and social services. The government will limit direct participation in many sectors and instead promote private sector activity (quoted in Kiamba 2004:55).

The education minister further enunciated this policy to the universities:

This is a turning point in the development of our public universities, where they are being called upon to adopt business-like financial management styles. It is also a point in time when universities have to plan well ahead about resources expected to be coming from sources other than the exchequer. ... [The] time has come to seriously take account of the universities’ potential to generate income internally. It is an open secret that some of our universities are capable of generating substantial amounts of money from the resources at their disposal. ... Income from such sources should be exploited and treated as definite sources of university revenue (quoted in Kiamba 2004:55-56).

In the meantime, calls to adopt the voucher system continue in the country’s media, mainly fuelled by the perceived merits of accountability and quality. One statement by a Kenyan writer captures these sentiments vividly:
What Kenya really needs is to introduce the voucher system into the financing of education... The voucher system simply means that instead of the Government funding public schools directly, it does so by giving parents a voucher which is worth a fixed amount of money... It enables parents to have control over the education of their children, and thus makes the teachers and the school administrators accountable to the parents, rather than to a large and inefficient bureaucracy... In essence, what the voucher system does for public schools is that it gives them the advantages which make private primary schools so successful, both in catering for diversity and in achieving excellent results in national exams. It makes the public schools ‘market-driven’, just as the private schools already are (Muga 2004:7).

The Kenyan government’s lack of political will to institute a voucher system for higher education is in sharp contrast to its encouragement of the successful Jua Kali Voucher Training Programme (JKVTP), in the informal training sector.

**Voucher Financing of Higher Education: Some Global Cases**

Various countries have experimented with voucher financing of higher education. The sample that follows – Chile, Mozambique and the United States – is chosen to amplify issues germane to the development of the financing mechanism.

Chile shows that voucher-type financing of higher education has made remarkable headway in Latin America. Up until 1980, the country had a closed system of higher education comprised of eight universities, six private and two public. The private universities had gradually come to resemble the public ones (Jofre and Sancho 1991), and enrolment had declined precipitously after 1974, due to the country’s ongoing financial crises and a prevailing perception that university education was of poor quality. To ameliorate this situation, a 1980 law allowed the creation of additional private degree-granting universities and colleges and a new funding formula.

This new funding formula granted vouchers to more than 66 per cent of the top scorers in the national college entry examinations, redeemable at any public, quasi-public or private university upon enrolment. This funding arrangement had three goals: to introduce competition in higher education, to steer institutions towards academic excellence, and to ensure efficient utilisation of resources. Thus, enrolment-driven funding would encourage institutions to compete for academically successful students while also providing financial support for capable students.
To a considerable degree, this reform has been quite successful. The private higher education sector is large and vibrant with more than 60 universities, 80 professional institutes and 156 technical formation centers (Jofre and Sancho 1991). The Chile case demonstrates that vouchers can be successful, given a strong and effective government policy.

Mozambique’s case is an important milestone in the introduction of voucher financing of higher education in Africa. The country’s 2000-2010 strategic plan for higher education stresses the need to provide equitable access, quality and relevance, responsiveness, sustainability, efficiency and institutional autonomy in addition to accountability. These expectations apply to both public and private institutions. The plan also seeks to develop and support a diversified, flexible, integrated and cost-effective higher education system (Woodhall 2003:95). The government’s National Scholarship Fund provides financial assistance to needy students at both public and private higher education institutions. This fund’s premise is that, if needy students in underrepresented areas can attend a college of their choice, then financial support allowing them to do so will prevent dropping out and will increase academic performance.

The United States has been the most successful country so far in developing a voucher system of financing higher education and has the most diversified funding arrangement involving both the federal and state governments. Its largest government financing is the Servicemen’s Readjustment Act (‘GI Bill’), first implemented after World War II and reconfirmed in 1994. Veterans were given $500 per year to cover tuition in any college of their choice and a monthly stipend for living expenses depending on their marital status. The GI Bill vouchers have been very successful in breaking down supply-side barriers and enhancing students’ choice because they are demand-driven (Bennett 1996). They laid the foundation for mass higher education in the United States after World War II by raising educational expectations of later generations.

Arizona illustrates another form of voucher-type financing of higher education, in this case to increase attendance at the state’s private colleges. In the 1996–1997 academic year, the Arizona Commission for Post-Secondary Education established a US $1,500 scholarship for community college graduates who transfer to a private college within the state to complete their four-year degree (Petrick 1996).

Ohio also has a viable voucher system which provides a uniform tuition grant for state residents who choose to attend an independent not-for-profit college or university. The grant equals about 25 per cent of the average state subsidy paid to public institutions for students enrolled in baccalaureate programmes. A separate funding entity, the Instructional Grant Programme, is need-based and sensitive to institutional costs. It supports low-income under-
graduates in public, private, not-for-profit and proprietary (private-for-profit) colleges and universities (Petrick 1996). Once again, the United States shows the critical role of political will and strong government commitment in the development of a voucher system of financing higher education.

**Financing Higher Education in Kenya**

Not unlike other African countries, the fiscal health of Kenya’s public higher education is grim. The bleak reality of high operating costs, declining state subventions coupled with increased pressure for expansion is a reality that policymakers and administrators have to live with. That reality is a decline in essential infrastructure, both consumable and non-consumable, that is crucial to institutional functioning and which is reflected in the declining material conditions of the campuses and teaching staff and also of and students’ welfare. Causes of the present predicament include:

1. Rapid growth in the national population resulting in increased demand for higher education, giving way to the ‘massification’ of the system.
2. Inflationary and recessionary pressures on the national economy leading to a sharp decline in funding for higher education.
3. Widespread poverty which makes it difficult for students to afford tuition rates high enough to maintain the institutions’ fiscal health.

Until the early 1970s, Kenyan higher education was free. The government bore the full cost of tuition and living expenses for university students. The economic crisis of the 1970s, spurred by the oil price shocks, made this financing mechanism unsustainable. As a result, in 1974 the government introduced a loan scheme for all university students in the hope that students would repay their loans upon employment, thus developing a self-sustaining revolving education fund. The long-term view was that an efficient and equitable educational credit market would come into being. However, inadequate loan recovery procedures and students’ unwillingness to pay combined to nullify this goal (Otieno 2004).

As fiscal crises continued to escalate, the state in 1991-1992 introduced the cost-sharing scheme. Students would pay a tuition fee of $667 annually coupled with a means-tested loan in which needy students would receive an award (maximum $560) annually. To further cushion disadvantaged students, a bursary scheme was instituted to cover the difference between the loan award and the total cost of the education. The Kenya National Assembly (Parliament) authorised the creation of the Higher Education Loans Board (HELB) to administer the cost-sharing programme.
Table 1: Loan Disbursement by University Type and Amount, 2002–2003 Academic Year

<table>
<thead>
<tr>
<th>University Type</th>
<th>University</th>
<th>Applicants</th>
<th>% Awarded</th>
<th>Loan Amount</th>
<th>% of All Students Receiving</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>All</td>
<td>Awarded</td>
<td>Ksh.*</td>
<td>US$</td>
</tr>
<tr>
<td>Private</td>
<td>UEAB</td>
<td>416</td>
<td>332</td>
<td>79.81</td>
<td>10,462,000</td>
</tr>
<tr>
<td></td>
<td>CUEA</td>
<td>354</td>
<td>303</td>
<td>85.59</td>
<td>9,525,000</td>
</tr>
<tr>
<td></td>
<td>USIU</td>
<td>106</td>
<td>74</td>
<td>69.81</td>
<td>2,377,000</td>
</tr>
<tr>
<td></td>
<td>Daystar</td>
<td>263</td>
<td>195</td>
<td>74.14</td>
<td>6,173,000</td>
</tr>
<tr>
<td></td>
<td>All Private</td>
<td>1,139</td>
<td>904</td>
<td>77.3</td>
<td>28,537,000</td>
</tr>
<tr>
<td>Public</td>
<td>Nairobi</td>
<td>8,931</td>
<td>8,426</td>
<td>94.35</td>
<td>284,982,500</td>
</tr>
<tr>
<td></td>
<td>Moi</td>
<td>6,551</td>
<td>6,276</td>
<td>95.80</td>
<td>210,159,000</td>
</tr>
<tr>
<td></td>
<td>Kenyatta</td>
<td>5,586</td>
<td>5,271</td>
<td>94.36</td>
<td>177,087,500</td>
</tr>
<tr>
<td></td>
<td>Egerton</td>
<td>5,006</td>
<td>4,775</td>
<td>95.36</td>
<td>159,877,000</td>
</tr>
<tr>
<td></td>
<td>JKUAT</td>
<td>2,205</td>
<td>1,997</td>
<td>96.99</td>
<td>67,320,000</td>
</tr>
<tr>
<td></td>
<td>Maseno</td>
<td>2,524</td>
<td>2,370</td>
<td>93.90</td>
<td>79,389,000</td>
</tr>
<tr>
<td></td>
<td>All Public</td>
<td>30,803</td>
<td>29,115</td>
<td>95.1</td>
<td>978,825,000</td>
</tr>
<tr>
<td></td>
<td>All Universities</td>
<td>31,942</td>
<td>30,019</td>
<td>86.2</td>
<td>1,007,362,000</td>
</tr>
</tbody>
</table>

* Ksh = Kenya shillings.  1US$ = Ksh. 23, 2002 purchasing power parity.

Key: UEAB = University of Eastern Africa, Baraton; CUEA = Catholic University of Eastern Africa; USIU = United States International University; JKUAT = Jomo Kenyatta University of Agriculture and Technology.

Source: Otieno (2002).
The HELB loan scheme has never evolved into a sustainable, efficient and equitable voucher-type of financing higher education in Kenya. Instead, it has become an agency awarding loans mainly to students admitted into public universities who access a larger percentage of financial aid. Table 1 shows the pattern of loan disbursement to both public and private university students in the 2002-2003 academic year. For public universities, 95 per cent of the applicants are awarded educational loans in contrast to 77 per cent for private institutions. Only 15 per cent of the loan recipients were enrolled in private universities whilst 51 per cent were in public institutions. But the sharpest contrast is the dollar amounts awarded: more than $12 million to public universities and more than $360,000 to private universities.

This predisposition to commit most educational loans to public university students has resulted in limited choice in the country’s higher education system. Since funding at public universities is almost guaranteed, students seek admittance there, even though they must often pursue degree programs not of their liking and many of which offer few employment prospects. Up to 74 per cent of the students at Egerton University are not in programs of their choice, while the national average is 44 per cent (Joint Admissions Board 2003). Yet the centrally controlled admission policies, coupled with HELB’s financial aid, constrain their enrollment choices. That the system has not evolved into a voucher-type scheme as in the JKVTP begs for a detailed analysis.

**Vouchers and Informal Training: The Case of Jua Kali Programme**

The Jua Kali Voucher Training Programme itself has not attracted national publicity, despite its success, partly because it involves the informal education sector, which does not enjoy as much social and political prestige as university education. Nonetheless, its continued success, given the riskiness of reforms in financing education and training, is fascinating. That success raises several issues regarding the nexus between politics, policy and markets.

The voucher was jointly launched by the Kenyan Government and the World Bank in 1996 as means of increasing the technical skills of the rapidly growing small-scale informal industrial sector. Under this project, credible and long-standing informal sector organizations are granted government recognition and authority to administer vouchers locally. Applicants from the informal sector seek training vouchers from these local organizations to finance skill-upgrading training in public and private sector institutions, including technology development for small enterprises. Upon admission, the beneficiaries surrender their vouchers to the training provider, who redeems it through the allocation agencies after training has been provided and before the voucher’s expiration date.
Table 2: Vouchers Issued by One Allocating Agency (AA) in Mombasa District

<table>
<thead>
<tr>
<th>Course</th>
<th>Voucher Value (Kshs.)</th>
<th>10% paid by trainee</th>
<th>No. issued</th>
<th>Balance paid by project</th>
<th>Course provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal work</td>
<td>10,000</td>
<td>1,000</td>
<td>19</td>
<td>9,000</td>
<td>MP, MITC, CITC, IP</td>
</tr>
<tr>
<td>Leather work</td>
<td>11,000</td>
<td>1,100</td>
<td>3</td>
<td>9,900</td>
<td>IP</td>
</tr>
<tr>
<td>Electrical/electronics</td>
<td>13,000</td>
<td>1,300</td>
<td>372</td>
<td>11,700</td>
<td>MP, MITC</td>
</tr>
<tr>
<td>Wood work</td>
<td>10,000</td>
<td>1,000</td>
<td>10</td>
<td>9,000</td>
<td>MP, MITC, MCC</td>
</tr>
<tr>
<td>Hand craft</td>
<td>12,000</td>
<td>1,200</td>
<td>34</td>
<td>10,800</td>
<td>IP, AKH</td>
</tr>
<tr>
<td>Textile</td>
<td>11,000</td>
<td>1,100</td>
<td>72</td>
<td>9,900</td>
<td>MP, MCC, MTTI</td>
</tr>
<tr>
<td>Chemical</td>
<td>15,000</td>
<td>1,500</td>
<td>23</td>
<td>13,500</td>
<td>MTTI, IP</td>
</tr>
<tr>
<td>Food processing</td>
<td>13,000</td>
<td>1,300</td>
<td>69</td>
<td>11,700</td>
<td>JSS, MTTI, MP</td>
</tr>
<tr>
<td>Motor vehicle mechanics</td>
<td>11,000</td>
<td>1,100</td>
<td>85</td>
<td>9,900</td>
<td>MP, MITC, CITC</td>
</tr>
<tr>
<td>Building construction</td>
<td>11,000</td>
<td>1,100</td>
<td>11</td>
<td>9,900</td>
<td>MP, MITC</td>
</tr>
<tr>
<td>Management and computer studies</td>
<td>13,000</td>
<td>3,900 (30%)</td>
<td>40</td>
<td>9,100</td>
<td>MP, MTTI</td>
</tr>
</tbody>
</table>

Source: Adams (1997)

Key:
AKH: Akamba Handicraft
CITC: Christian Industrial Training College
JSS: Joseline School of Catering
IP: Individual Provider
MITC: Mombasa Industrial Training College
MP: Mombasa Polytechnic
MTTI: Mombasa Technical Training Institute
An assessment of the pilot programme (Adams 1997) concluded that it was achieving most of its objectives, both in improving management practices of the small-scale traders and by increasing profitability and earnings. Training providers of all types were responsive, especially private ones. They more aggressively marketed themselves to the allocation agencies and tailored their programmes to suit the Jua Kali artisans, including giving examples relevant to them. This competition among providers also resulted in reducing training costs to the value of the voucher, meaning that the trainees did not incur additional expense. Table 2 shows the allocation of vouchers by the Mombasa Boat Operators Association. The variety of programmes range from low-tech handicrafts to high-tech electrical/electronics and computer studies. The providers include a mix of public institutions like Mombasa Polytechnic and Mombasa Technical Training Institute, private institutions like Joseline School of Catering and individual providers who offer apprenticeships. The data show that electrical and electronic courses are the most popular – not surprising given that the electronics industry is the fastest growing employment sector in Kenya. The data also demonstrate the dominance of Mombasa Polytechnic, a middle-level training college, in providing most of the training.

The Concept of Loose Coupling

Loose coupling between an organisation and its various internal and external constituents provides a useful conceptual framework for understanding the success or failure of educational vouchers in different contexts. Why, for instance, has the voucher system failed to materialise in Kenyan higher education while succeeding in the informal sector? Why, despite state universities’ inability to meet the demand for some popular programmes, are students denied public financial support to pursue the same programmes in private universities? We discuss three factors that explain these contradictions and reinforce loose coupling as an important analytical framework to structure the debate.

Loose coupling consists of weak or infrequent ties among entities that are minimally interdependent (Hoy & Miskel 1991:137). Subsystems in an organisation are tied together loosely rather than through tight bureaucratic linkage. Potential coupling elements might include: intention and action, the past and the present (what happened yesterday may be loosely coupled with what happens tomorrow), means and ends, hierarchical positions, teachers and students, teachers and materials they use or parents and teachers (Sturman 1994:3524). Educational organisations have two distinct domains in which tight and loose coupling tendencies are articulated. The bureaucratic domain deals with internal and managerial functions: mediating between the institution and community, implementing the law, procuring and allocating resources, and
mediating between the faculty and students. The professional domain, on the other hand, is involved with the actual technical process of teaching and learning (Hoy & Miskel 1991). The bureaucratic domain is central to our focus because it incorporates consideration of the interactions between educational institutions and the external environment.

Educational organisations are open systems, heavily influenced by the changes in the external environments. Competition, resource availability and political pressures from the environment may force them to tighten or loosen organisational linkages to survive. The external political environment may dictate that the institution support its political agenda, resulting in changes in linkages. In Kenya, three external factors – political influence, market coordination and democratic decision-making – constitute the dynamics within which loose and tight coupling are articulated. The result is differentiated outcomes for educational vouchers in two sectors of education.

Political Influence

The State’s Political Power

Educational institutions are inherently political, just as the context in which they function is highly political. University politics encompass a variety of political relationships among actors and groups internal and/or external to the institutions: the state, administrators, academics, staff and students. As important political constituents, they strongly influence institutional conflict, decision making, resource allocation and governance. While some scholars have argued that ‘pluralism’ best describes the configuration of multiple interests, views and groups in universities (Bucher 1970; Epstein 1974), others have noted the state’s centrality. Waldo (1974:107) posits that the university ‘from the beginning has had more of a governmental-political role than is customarily perceived, that in the modern period its governmental-political role has been growing in scope and importance, and that certain developments now culminating place the university at or near the center of the governmental-political spectrum’. Both perspectives are accurate to a degree, the context being the dominant variable that explains why one perspective will prevail in one context but not in another.

In Kenya, as in many other African countries, the government’s influence in steering the development and growth of public higher education is monumental. Since independence, the government has developed university education as a panacea for the social, economic and political challenges confronting the country. As the stimulus for socio-economic development, the public university has been the centerpiece in producing local elites and in integrating
different sections. These elites have provided critical manpower in various social sectors and have mediated the domestication and localisation of global knowledge. The politicisation of Kenya’s public university reached its zenith during the presidency of Daniel arap Moi (1978-2002). Sifuna (1998:181) notes the role of political influence in university affairs:

The decision to establish a second university in the country without much debate, and subsequent ones that have led to the proliferation of public institutions of higher learning, should be interpreted in the context of wider policy formulation. The policy formulation style in Kenya has always centered on the person of the president. He sets the pace and tone of government policy through slogans and pronouncements. This style normally applies to all spheres of life, such as social, political, economic and educational matters. Most major policy pronouncements in the country are associated with the president who is supposed to be the source of wisdom and the one who gives the policy drive, blessings and legitimacy. It does not matter who initiates and moves the policy to the centre, but the credit always goes to the president.

Thus, public universities in Kenya have been used effectively to promote and sustain the legitimacy of the state.

This tight coupling between the university and the political system is important in several ways. First, it means that the state has a legitimate interest in funding the university to steer it in specific directions. Kenyan universities are almost exclusively dependent on the state for their recurrent and development expenditures, a dependency which is, ironically, reflected in the declining financial allocations. The deficits have been growing whilst the student population and operating costs have been rising. In 1991, the deficits were more than Ksh. 222 million (more than US$2 million) which rose to over Ksh. 500 million (more than US$6 million) in 1996. By 2003, the deficits were in excess of Ksh. 750 million ($10 million) (Ngome 2003:363). It is not far-fetched to conclude that this financing mechanism, coupled with tight political control, has denied universities the flexibility and autonomy to spend scarce financial resources in innovative programming that would attract voucher-holding or privately sponsored students. In a significant way, this coupling has contributed to the inertia at HELB. The funding body has read the state script that promotes the latter’s political control of events on campus, including student admissions. The funding agency dedicates the bulk of student loans to public university students, a political strategy that has at times been used to deny politically active students financial aid to attend college.
The ubiquity of the state politics/university nexus is also epitomised by the powerlessness of the Commission of Higher Education (CHE) to engage in strategic planning for the public university sector as the commission envisioned. Contrary to expectations, financial planning for the universities was deemed political and left to the technocrats at CHE:

Planning was supposed to be a major function of the Commission for Higher Education. CHE tried and set up a committee especially with regard to financing, but it was decided that the committee should not deal with matters relating to funding. CHE also set up a University Grants Committee which made some plans but again it was overtaken by events. The government seems to have approached the expansion of universities from a political point of view because it wanted to appease the public by opening up more and more university education. The public universities . . . did not see the need of working through CHE (Sifuna 1998:187).

Besides determining the development of universities, the state has an interest in who attends university and for what programme of study. To perpetuate its strategic political hold on the universities, the government has exercised wide latitude, via state-appointed university administrators, in shaping student enrolment. One of the state’s strategic interests lies in identifying students who are sympathetic to its course while denying scholarship and sponsorship to students deemed recalcitrant and critical of the state (Mwiria 2003:38). The state’s second interest is to be seen as benevolent and, thus, responsive to the social demand for higher education.

The dynamics of this politically managed access to university education can be seen by the situation in 1988 when more than 13,000 students qualified for entry into public universities which could accommodate only a quarter of that number. President Moi ‘directed the Minister for Education and vice-chancellors of the four national universities to work out ways of admitting most of the 13,000 qualified students left out in the recent selection. . . . The president said he had been moved by appeals from affected parents, students and Kenyans in general during the on-going public discussion’ (‘President Acts’ 1988:28). These two factors suggest why the state has been less willing to develop such market-oriented financial systems as vouchers; such systems would curtail the state’s influence in student enrolment in universities.

Students as a Political Group

Tight coupling between the universities and the political system is also manifested in students’ political influence. University students as a political group
have the power to influence policy decisions in socio-economic and political areas. The social genesis of students’ political power emanates from their historically sanctioned social mission as catalysts in the democratisation movement and guardians of social justice (Munene 2003). As in many other African countries, Kenyan students were in the forefront in the struggle for nationalism during the cold war era, were crucial in the fight to expand democratic space during the one-party political system, and were also vocal proponents of socio-economic equality. These roles have enjoyed a large measure of political legitimacy, especially during the period when opposition political parties were proscribed and civil society truncated.

The existence of powerful student associations has further consolidated their political clout in higher education. Through university-wide student associations such as the Student Organisation of Nairobi University (SONU) and inter-university associations like the National Unions of Students of Kenya (NUKS), students have articulated their views on university management and financing policy. Through university-based ethno-regional and political associations, which are patronised by politicians, students have been able to gain access to political leadership and sway important decisions in their favor. The government has been more than willing to co-opt students into its political arrangements because of the symbolic message that it delivers to the rest of the country. In a young developing country, a political leadership endorsed by an incipient elite attains a legitimacy that cannot be underestimated.

Thus, because of students’ political clout coupled with the state’s reluctance to be seen as operating in a manner inimical to the development of state institutions like public universities, it has been difficult for the government to promote a financial programme that would be seen as diverting funds to the development of private institutions. Since 1991, Kenya has made ineffectual attempts to restructure the financing of higher education and introduce more market-oriented mechanisms. Much bureaucratic rhetoric on the issues has been voiced, only to fizzle at the first sign of resistance from students (Hughes 1994:197). It took a long time and enduring many student protests for the government to introduce modest fees in the state universities in 1995. The protests, strikes and accompanying injuries to students, as well as year-long university closures, raised the nation’s political temperatures to a dangerous level. Since then, the government’s resolve to alter the financing of higher education has waned, and no other restructuring in financial mechanism has occurred. The student/political nexus has meant that the fortunes of the students are inextricably interwoven with those of the state. Under these circumstances, it is highly unlikely that a voucher system will see the light of day any time soon.
The Informal Sector and Political Loose Coupling

While tight coupling between the political state and higher education has been the linchpin of university development, the converse is true of the informal training sector. The sector’s coupling with the political state has been, at best, weak. It has developed largely outside the tight control of the political authorities, its impetus for growth being the influence of demand and supply mechanisms in the labour market. This, however, does not mean that informal training institutions have been historically apolitical. However, unlike the universities, their political influence has chiefly been narrow and spasmodic, giving the impression that the state lacks interest in them. In contrast to the tight link between universities and the national body politic during President Moi’s reign, the political class has basically allowed the informal training institutions to operate on their own, subject to provisions of the Ministry of Education. A good illustration is the Harambee movement by which politicians in the late 1960s and early 1970s mobilised Kenyans to construct Village Polytechnics and Institutes of Science and Technology. The goal was to provide employment-related training opportunities for youths who could not gain access to higher education.

Since then, political interest in these institutions has waned because of two interrelated factors. The first is the exit of Kenya’s founding father, Jomo Kenyatta, and the attendant decline in the importance of the Harambee movement in developing basic education and technical training institutions. Kenyatta, who believed in grassroots mobilisation through the Harambee movement, invested politically in non-university education. His strong support was in primary and secondary education and technical training through Village Polytechnics and Harambee Institutes of Science and Technology. Numerous Harambee fund-raising programmes were organised to support these educational programmes. The end of his reign marked the beginning of Harambee’s decline as a vehicle for the political mobilisation of financial resources for basic and technical education. The second factor is the rise in the political ascendancy of university education after 1980 under Kenyatta’s successor, Daniel arap Moi. His presidency (1978-2002) saw the largest state political investment in higher education. State universities grew from one to six. The student population grew from about 3,000 to around 50,000 (Ngome 2003), and the politicisation of university affairs became most intense (Munene 1997). The contrast between the two political leaders could hardly be greater: Kenyatta, a university graduate, had a passion for basic and technical education, while Moi, with only basic education, pursued the expansion of higher education with religious zeal.

An additional reason for the failure warrants attention. By the 1980s parental and student attitudes towards self-employment and, therefore, technical training
had undergone a radical transformation. Sifuna (1984), in a study on attitudes towards technical and vocational education in the country, found that only a miniscule number of students aspired to careers as farmers or craftsmen. Instead, most aspired for white-collar jobs which did not require any technical education. In a later study, Ngau (1999) noted that most graduates of technical training institutions lacked the financial resources and requisite entrepreneurial skill to embark on self-employment activities. These factors indicate a failure by the Harambee Institutes of Science and Technology to develop well-articulated coupling with the labor market, a factor that has led to their rapid decline in spite of loose coupling with the political system at the sunset of President Kenyatta’s regime.

The development of informal training institutions, however, has been stimulated by client needs and economic imperatives. Because they are not tightly linked to the political authorities, they are free from the most serious impediment towards innovation and reforms. As a result, they can design programmes and implement guidelines making them more accommodating to programmes such as the voucher system. As a result, the JKVTP has incorporated players like the Kenyan Government’s Technical Training Division in the Ministry of Education, Science and Technology, Kenya’s Ministry of Labour, the World Bank and the Jua Kali Association of Kenya (its association for informal sector entrepreneurs), without necessarily raising political temperatures, as would have been the case in universities. Thus, where loose coupling with the political system prevails and where economic conditions are conducive, political stakes are low and innovations like the voucher system can proceed with a minimum of political reverberations.

**Market Coordination**

*Informal Training and Market Coupling*

If Kenya’s state universities and the political system have been tightly coupled, then the informal training sector has been tightly coupled with the market, which plays a strategic role in explaining its educational financing innovations. ‘Market’ refers to the extent to which market-related activities and incentive structures function and flourish. In a market situation, goods or services sell while a price mechanism provides the equilibrium through which consumers bargain over what they need, resulting in a consumer-driven market. Notwithstanding the negative connotation that the market model has elicited in recent times, especially in Africa (Zeleza 2003), educational institutions (universities and training institutes included) are marketplaces where educational programmes and services are sold to fee-paying students. The degree of success
in this market model rests on the level at which the demand for educational programmes and services is congruent with their supply at an optimum price.

A number of advantages accrue from the market, the main one being the incentive to educational institutions to respond to changing economic and social situations. Faced with the prospect of diminished enrolments, institutions engage in ‘constant occupational reassignment, with consumer preferences and occupational preferences reconciled in a shuffling of labor from one field to another, one specialty to another’ (Clark 1983:162). In addition, the marketisation of institutional programmes has implications for organisations’ power structures. Units that generate revenue are generally handsomely rewarded and their influence flows upwards to the central administrative and policymaking bodies. Thus, unlike the traditional bureaucratic resource allocation arrangement, the power and influence in the institution is in the opposite direction (Williams 1987:98).

Perhaps more than any other education sector in Kenya, JKVTP manifests a well-articulated system of market coordination which would account for the voucher scheme’s success. Consumers choose among multiple programmes offered by training providers ranging from the government-owned Kenya Institute of Business, church-sponsored training centers and proprietary entrepreneurial institutions. This situation reflects a product diversity that is very different from that of the state universities. Adams (1997) indicates that such choice has stimulated innovation to reflect the changing market needs in both worker training and tuition cost reductions. In the two cases cited, the tuition fell from Ksh. 21,000 (US$280) and Ksh. 37,000 (US$493) to equal the actual value of the voucher, thereby negating the need for trainees to supplement the voucher and strengthening the consumer market. In sum, this example demonstrates the classic reality of a market-coordinated training orientation: student demand and choice determining resource allocations and price structure.

**State Universities and Loose Market Coupling**

Unlike informal sector training institutes, public universities are loosely coordinated by the market. Until recently, when the institutions began to experiment with privately sponsored students and the formation of private companies to market university services and programmes, very little evidence existed to demonstrate that market considerations were at the core of the institutions’ strategic thinking. Two factors account for the persistent disarticulation between the university system and the market, namely explosive graduate unemployment, and distrust in the commodification of knowledge.

The labor market performance of university graduates in Kenya has witnessed a precipitous decline since the mid-1980s, thanks to the inflationary and recessionary tendencies within the economic structure along with the failure of
educational reforms to reflect the new socio-economic dispensation. In Table 3, the grim reality that awaits graduates is vividly demonstrated; wage employment, the key route for university graduates' entry into the labor market, has continued to contract even as the informal sector, the principal entry route for the informal training graduates, has continued to register remarkable growth. In 1988 employment in the wage-earning sector was well over 77 per cent while the informal sector hired 20 per cent of the workforce. The reverse was true by 2000 when the formal sector's contribution in job creation was a paltry 28 per cent while that of the informal sector was a massive 70 per cent.

The problem of university graduate unemployment and the inability of universities to address the problem have attracted considerable attention. Only recently the *East African Standard, one of Kenya's leading daily newspapers*, analyzed the extent of the mismatch between the academic programmes and the labor market requirements. In one article headlined ‘Is Time Ripe for Universities to Scrap “Joke Courses”?’, (2004), the correspondent documented cases of students admitted to programmes with no market potential but for which financial aid was available from the state and concluded with a poignant question that no doubt resonated with the masses of unemployed graduates: ‘What is the point of a degree that adds little or nothing to students’ employment prospects?’

**Table 3: Employment Trends in Kenya, 1988–2000**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total ‘000’</th>
<th>Wage Employment (%)</th>
<th>Self-Employment and Unpaid Workers (%)</th>
<th>Informal Sector (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>1736.3</td>
<td>77.5</td>
<td>2.5</td>
<td>20.0</td>
</tr>
<tr>
<td>1989</td>
<td>1796.2</td>
<td>76.2</td>
<td>2.5</td>
<td>21.3</td>
</tr>
<tr>
<td>1990</td>
<td>2395.0</td>
<td>58.8</td>
<td>2.0</td>
<td>39.2</td>
</tr>
<tr>
<td>1991</td>
<td>2557.1</td>
<td>56.4</td>
<td>2.0</td>
<td>41.6</td>
</tr>
<tr>
<td>1992</td>
<td>2753.2</td>
<td>53.1</td>
<td>2.0</td>
<td>44.9</td>
</tr>
<tr>
<td>1993</td>
<td>2997.5</td>
<td>49.2</td>
<td>1.9</td>
<td>48.9</td>
</tr>
<tr>
<td>1994</td>
<td>3355.1</td>
<td>44.8</td>
<td>1.7</td>
<td>53.8</td>
</tr>
<tr>
<td>1995</td>
<td>3855.1</td>
<td>40.4</td>
<td>1.6</td>
<td>58.0</td>
</tr>
<tr>
<td>1996</td>
<td>4325.8</td>
<td>37.4</td>
<td>1.5</td>
<td>61.1</td>
</tr>
<tr>
<td>1997</td>
<td>4698.4</td>
<td>35.1</td>
<td>1.4</td>
<td>63.5</td>
</tr>
<tr>
<td>1998</td>
<td>5083.2</td>
<td>32.7</td>
<td>1.4</td>
<td>65.9</td>
</tr>
<tr>
<td>1999</td>
<td>5477.5</td>
<td>30.5</td>
<td>1.2</td>
<td>68.2</td>
</tr>
<tr>
<td>2000</td>
<td>5893.0</td>
<td>28.4</td>
<td>1.1</td>
<td>70.4</td>
</tr>
</tbody>
</table>

Source: Republic of Kenya, Economic Survey (various issues)
The failure by universities to address the issues of relevance to employment needs stems from their historical legacy, which still enjoys considerable support from academia. The historical traditions of the state universities as far as workforce production is concerned have always revolved around the production of elites for the civil service. The University of Nairobi, the pioneer higher education institution in the country, was, for instance, founded with the specific aim of training the emergent colonial civil service. Kenyatta University began as the largest teacher training college, supplying teachers to government secondary schools. These traditions have persisted even with the younger state universities, Egerton, Jomo Kenyatta, Maseno and Moi, all of whose programmes reflect those of Nairobi and Kenyatta universities. But since the state has ceased to be the main employer of university graduates, the continued existence of civil service-oriented programmes and policies within the universities does not bode well for market coordination.

This inertia is also linked to the prevailing distrust of universities towards any changes that signify the commodification of knowledge. The experience of the University of Nairobi’s ‘Parallel’ Programme, an academic programme for privately sponsored students which has been a major source of additional revenue, is quite instructive. The university has been closed several times due to conflicts between government-sponsored students and their privately sponsored counterparts. The former hold that the latter are not academically qualified to join the universities and insist that their presence has watered down the quality of the institutions and exacerbated the already critical congestion. Furthermore, the academics at the university have decried the emerging differentiation based on disciplinary marketability of this parallel programme (Nyaigotti-Chacha 2002).

Thus, state universities in Kenya have a long way to go before the market ethos is embraced and domesticated, which policy developed for their successful integration into the institutions’ strategic missions. As we await that momentous day, we acknowledge that both labor market-orientation and the commodification of knowledge into marketable goods to consumers – the key ingredients in a successful voucher programme – are in short supply in Kenya. Without these important variables, a competitive price allocation mechanism is unlikely to evolve, and it is inconceivable that a voucher could be sustained for universities in the same way it has within the informal training sector.

The Policymaking Process

The different policymaking processes in the state universities and the informal training sector help account for vouchers in the former but not the latter. The most appropriate definition for our purposes is Fowler’s (2004:9): ‘Public policy
is the dynamic and value laden process through which a political system handles a public problem. It includes a government’s expressed intentions and official enactment as well as its consistent patterns of activity and inactivity. It follows, therefore, that the way in which a political system handles a public policy problem, either through activity or inactivity, determines the successful solution to the problem. In this regard it is important to consider the policymaking and policy implementation process as important variables in the successful resolution of the problem.

In their foundational work on the policymaking process, Lindblom and Woodhouse (1993:23-33) have argued that democratic policymaking needs to obtain consensus and action on three goals: responsiveness to public sentiment, sensible tradeoffs and attention to relevant information. The JKVTP’s policy development and implementation show a high degree of congruence with this model.

During the conceptualisation of the financing programmes, it achieved attention to public sentiment through the participatory decision making of international donors (World Bank), the national political authority (Government of Kenya, through the Ministry of Labor and Human Resource Development), and the grassroots informal sector association (the Kenya National Jua Kali Association). This multi-sectoral collaboration provided a useful forum for scanning the socio-political and economic environment, providing crucial information and negotiating the attendant tradeoffs. The outcome was broad-based support. Among the key areas that this collaborative approach addresses are:

1. The development of a collective vision, mission, goals and objectives. Areas of disagreements and potential conflicts are resolved prior to the implementation of the programme.
2. The identification of appropriate implementation mechanisms, including voucher disbursement to clients, reimbursement to training providers, identifying training providers and creating conflict resolution avenues.
3. Allaying the concerns of trainees and training providers and dealing with fears over the system’s functioning. This step prevents stakeholders’ reliance on information from the grapevine. Undeniably, the cornerstone of the programme’s success has been its acceptance by the informal sector, aided by the World Bank’s financial support and complementary regulatory support by the state.

State universities, on the other hand, are loosely coupled with democratic policymaking processes and implementation. Top-to-bottom authoritarianism has increasingly defined policy formulation and implementation, a situation
that has led to numerous conflicts between students and academics on the one hand, and university administrators and the government on the other. Owing to the tight coupling between the institutions and the political state, system-wide policy is generated either politically (edicts from political authorities) or bureaucratically (by key civil servants). As Sifuna (1998) has aptly demonstrated, institution-wide policymaking is the preserve of the top university administrators and appointed officials within administrative units. Unlike the informal training sector, vertical and horizontal consultation about broad policy issues is clearly absent.

This policymaking mechanism has been a catalyst for failure because of (a) the absence of a shared vision, mission, goals and objectives regarding university programmes and future directions, leading to suspicion and distrust among stakeholders; (b) ineffective and inappropriate mechanisms for implementing new policies, programmes and innovations (e.g. HELB’s ineffectiveness in developing a voucher and CHE’s inability to supervise state universities), and (c) Student distrust of state officials and state-initiated higher education reform, not stopping short of radicalism and violence.

While policymaking and policy implementation along this line is tolerable where there is no radical departure from existing values and traditions, it is insufficient where transformation is the essence. Changes in financing higher education are transformative, their effects touching the system as a whole. Without adequate consultation among all the stakeholders, resistance to change is the outcome. Thus, when the Kenya Government, under pressure from the World Bank and International Monetary Fund, introduced tuition payment in university education under the cost-sharing scheme, it was greeted with prolonged nationwide student riots and destruction of property leading to a year’s closure of the universities. Similarly, Kenyatta University in 1998 introduced user fees for e-mail facilities at the institution without consulting the student leaders. The resulting riots and destruction of the university property led to the institution’s indefinite closure (Amutabi & Oketch 2003:63).

The paradox is explicit: While the university administration regarded e-mail as a priority, students did not. We surmise that, under the current authoritarian policymaking regime of Kenya’s state universities, it is highly unlikely that a voucher will see the light of day any time soon.

**Conclusion and Implications**

Our purpose in this article has been to explain why financing education through a voucher system has shown such remarkable success in Kenya’s informal
training sector but has yet to take hold in higher education. While numerous perspectives offered for such failures tend to hinge on economic imperatives and underemphasise other considerations, we use loose coupling as a conceptual framework because it is more encompassing. It enables us to take into account not only economic variables but also political and policy determinants. This approach is significant since educational institutions are open systems, influenced by an array of environmental factors.

Our analysis points out that the informal training sector and the university system coupling systems differ in three areas: (a) the political environment, (b) market coordination and (c) the policymaking climate. The university system is tightly coupled with the political state which exercises considerable latitude in the public university’s affairs. Given the critical role of universities in national socio-political and economic development, the state has sought to steer universities in specific directions, thus robbing the institutions of the autonomy and flexibility required to innovate, not only in financial reforms but also in academic matters. In addition, university students, a powerful and influential political interest group, cannot be relied upon to support any reform measure that appears to transfer public funds to private institutions as a voucher scheme would purport to do. For higher education, therefore, the political stakes are high if financial arrangements were to be controlled by market factors.

The parameters are different with the informal sector. The state political investment has been rather low, and the institutions are only loosely coupled with the political state. However, it is tightly coupled with the market. Market determinants such as choice, competition and price allocation mechanisms have ensured that market coordination is sufficient to sustain a voucher programme, unlike the university system in which loose coupling with the market has resulted in a paucity of programme choice, scarcity of competition and soaring unemployment rates for graduates.

In terms of policy, the public universities are tightly coupled with an authoritarian top-down policymaking process. This factor has curtailed intensive and extensive consultation among all the stakeholders, a necessary condition for minimizing tensions and surmounting opposition to reforms. In contrast, the informal sector is loosely coupled with this policymaking model and tightly coupled with a more democratic, bottom-up approach. This factor has opened avenues for exhaustive consultation among the various stakeholders in the outcome of the reform – the political state, foreign donors, the World Bank, the informal sector organisations and the training providers. As a result, tensions and conflicts have been ironed out, allowing for a smooth implementation of the voucher programme.
We readily acknowledge two fundamental differences between informal technical training and university education. First, informal sector training is typically of limited duration and highly flexible in the modes of delivery. These characteristics create different incentive criteria for clients and training providers to embrace a voucher system than would be the case in university education. The latter usually requires an extended period of study; and for Kenya, modes of delivery are limited to live sessions on campus. Second, the cost of financing informal training is very low in comparison to university education which entails heavy financial investment. The impact of these contrasting scenarios and their possible implications needs to be recognised.

That said, what lessons can the university system derive from the success of the JKVTP? We identify three important ones:

1. Reforms and innovations that target financing of education have a seismic effect within the system. Their aftershocks reverberate far and wide, percolating beneath and deep into the system. Thus, such radical reconfigurations have a high chance of success where consultation among the various constituents is not only encouraged but actually pursued. This approach promotes a sharing of information, developing a collective vision and implementation strategy and assuaging fears. The JKVTP is a good example of such a collaborative effort.

2. The more the university system continues to be a central plank in the state’s quest for political legitimacy, the less likely it is that a critical examination of the current financing mechanism will take place. At its most extreme, politicisation of higher education has given way to increased reliance on politics for setting priorities and organising action just as it has led to the elimination of many long-term goals. As we have seen, the net effect of this situation is an emphasis on guaranteed loans for public university students, denying the same for private university students, and the sustaining of irrelevant and outdated curricula. The situation has also deterred serious consideration of more significant issues such as linking curricular reforms to labor market needs and the changing social conditions.

3. For a voucher-type financing arrangement to materialise, an element of marketisation of university programmes and services is inescapable. Obviously, outright commercialisation of the university with a full-blown profit motive would be detrimental to universities’ missions and reputations. However, universities can commercialise some of their programmes, products and services without much harm to their social standing, as the ‘Makerere Miracle’ in Uganda illustrates. Makerere University has been able to integrate commercial initiatives into the fabric of the institution (Mwiria 2003). The key features of its
success are a diversified curriculum and its linkage to the labor market, improved funding levels and the consequent improvement in academic staff salaries. Previously, the institution was wholly dependent on state funding. However, with the introduction of market-based reforms, the university can generate 30 per cent of its revenue from internal sources, especially tuition paid by privately sponsored students (Mukuma 2000:107-11). This fact is significant. The fact that government-sponsored full-time students at the University of Nairobi rioted over the presence of privately sponsored part-time students shows that a private/state dichotomy only invites hostilities. Furthermore, it complicates the process of developing a fully functional voucher system with broad-based support. Simply put, for a well-integrated and fully functional private initiative in state universities that would be attractive to voucher-holding students to be attainable, universities need to reconfigure their incipient private programmes so that they constitute part of the university’s organic structure.

As a concluding note, we observe that recent political developments in Kenya bode well for unlinking state universities from the political system and introducing market-oriented reforms. In early 2004 President Mwai Kibaki, Daniel arap Moi’s successor, relinquished his position as the chancellor of all public universities and in his place appointed six prominent Kenyans as chancellors of the universities. These chancellors were drawn from both the business and academic communities. The goal of this radical move was to grant the universities as much political space as practical for them to be more innovative in raising additional revenue to supplement state subventions. The universities have taken their cue. In late 2004 the University of Nairobi appointed its first vice-chancellor, Dr George Maghoha, after an international search. The new vice-chancellor is a consummate fundraiser, skilled in strategic planning, with a knack for developing collaborative partnerships with external donors. From these developments, it is clear that state universities are gradually awakening to the reality that the future seems to lie in a tighter coupling with the market, an important step in the evolution of a voucher-type financing of higher education.

Notes
1. Harambee simply means ‘pulling together’. The Harambee movement involves politicians and other leaders mobilizing citizens to contribute funding for community projects such as the construction of schools, health centers, cattle dips, and roads. The Harambee concept has also been used to raise funds for school fees and medical bills. Critics have argued that the
movement has given the state a viable escape route from its responsibility of providing social and economic services to the citizens.

2. At the current exchange rate, 1US$ is equal to Ksh. 75.

3. Already, nearly all public universities in Kenya have started private evening and vocation programmes for fee-paying students. In addition, they have actively been engaged in the development of short courses and seminars as a means of supplementing their income. The University of Nairobi has even incorporated a private company to market and manage its income-generating activities. These activities, however, remain limited and are not linked organically to the core mission of the institutions (Nyaigotti-Chacha 2002).

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