ASSESSMENT OF INSTITUTIONAL FACTORS AFFECTING EMPLOYEE PERFORMANCE IN SELECTED UNIVERSITIES IN KENYA

BY

NICHOLAS ENGOKE

A DISSERTATION SUBMITTED TO FACULTY OF BUSINESS AND COMMUNICATION STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER OF BUSINESS ADMINISTRATION (STRATEGIC LEADERSHIP AND MANAGEMENT) OF ST. PAUL'S UNIVERSITY

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FACTORS INFLUENCING EFFECTIVENESS OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA: CASE OF INDEPENDENT POWER PRODUCERS

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MBA/NKR/2292/15

A DISSERTATION SUBMITTED TO FACULTY OF BUSINESS AND COMMUNICATION STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER OF BUSINESS ADMINISTRATION (STRATEGIC LEADERSHIP AND MANAGEMENT) OF ST. PAUL'S UNIVERSITY

AUGUST, 2017

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DECLARATION

This dissertation is my original work and has not been presented for any academic award in any learning institution

Signature _____ Date _____

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Word Count: 18,704

SUPRERVISORS' DECLARATION

We confirm that the word reported in this dissertation was carried out by the student under our supervision. This dissertation has been submitted with our approval as supervisors.

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DEDICATION

This work is dedicated to those who helped me carry out this research project specifically my entire family.

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ABSTRACT

Public private partnership is an increasingly popular choice for policymakers in implementing important public works projects especially in the face of shortage of government financial resources and whereas it is necessary to counter pubic inefficiency. This study is thus aimed at assessing the factors influencing effective public private partnerships in Kenya using a case of independent power producers. The study was guided by the following specific objectives: to determine the influence of legal framework on effectiveness of PPPs in Kenya; to establish the influence of risk inherent in projects on effectiveness of PPPs in Kenya; to establish the influence of technical know-how among stakeholders on effectiveness of PPPs in Kenya; to determine the influence of Government procurement bureaucracies on effectiveness of PPPs in Kenya. The study adopted a descriptive design. The target population of the study consisted of 181 employees of 23 Independent Power Producers in Kenya; and this also formed the sample size as the researcher used census approach on all these 181 employees. Primary data was collected using structured questionnaires and analysis was done after data had been entered in SPSS and Microsoft Excel for analysis. Descriptive statistics and multiple regression analysis were conducted and the findings were presented in the form of pie charts, tables and graphs. The study found out that the legal framework that governs the Public-Private Partnership ensures that such an arrangement is successful by increasing transparency and accountability, the constitution helps in enforcing the effectiveness of Public-Private Partnership by giving direction on what procedures to be taken when an entity contracts for goods and service delivery and establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities. The study established that the risks relative to the infrastructure operation and service provision should be allocated to the private partner. Expertise is often a chief motivating factor for the creation of a Public-Private Partnership and seeking partnerships should ensure that there is an appropriate focus on good practice in purchasing and that procedures are in place to ensure compliance with all relevant guidelines. The study concludes that legal framework affects the effectiveness of public-private partnership since a favorable legal framework and strong institutional framework affects the performance of Public-Private-Partnerships. To a very great extent, technical know-how which is a function of education and experience has a positive and significant effect on the project effectiveness and appropriate risk allocation, furthermore the type of agreements in the contract and guarantees from the governments affect the effectiveness of Public-Private Partnerships to a very great extent. The study recommends that the government should promote the public participation in Public-Private-Partnership projects, public and the private sector should put into practice approaches such as effective reward management systems intended to improve top manager's dedication to performing their duties. There is also need for stakeholders to provide employees with the needed technical know-how for leading the PPP projects to success and that government should promote the transparency in the different phases of Public-Private-Partnership projects through legislative action and curb corruption.

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DEFINITION OF TERMS

Public-Private Partnership: It is an arrangement between government agencies and private businesses that involve the government agency paying, reimbursing or transferring a public asset to the private sector in return for goods or services over a set time period (Moszoro & Krzyzanowska, 2011).

Indepedent Power Producers: These are is entities, which are not public utilities, but which own facilities to generate electric power for sale to utilities and end users (Vesborg, Seger & Chorkendorff, B. 2015).

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CHAPTER ONE
INTRODUCTION

1.1 Introduction

This chapter does an introduction on the study, looking at the background of the study covering the independent and the dependent variables; it has sections on statement of the problem, the objective both general and specific study objectives. This chapter also looks at the significance, scope and limitations of the study.

1.2 Background of the Study

Governments from all over the world face various challenges in their quest to provide public infrastructure to its citizen for accelerated economic development. In order to assist governments in providing key services to its citizens at a fair cost, Public Private Partnerships (PPP) between government affiliated organization and private businesses that entail payment, reimbursement or transferring a public asset to the private individual businesses in return for goods or services for an agreed upon period of time. In such an arrangement, the inherent risks and benefits are shared between the government and a private investor in the agreed proportions. According to Moszoro and Krzyzanowska (2011), PPPs help governments benefits from such arrangements in three folds in that they experience improved quality of service delivery to its citizenry: the first being increased capacity of the government to finance projects for the benefit of its citizenry, increased efficiency and returns on money invested by the government, and accessing high quality and qualified work force which would otherwise be too expensive to engage independently. PPPs have been used globally in enabling governments to deliver key services or provide critical infrastructure to its citizenry.

Several options exist for governments to deliver the most required infrastructure for accelerated economic development of their economies ranging from the government itself undertaking the projects independently in that they fully finance the project to directly engaging private firms as consultants, or entering into an arrangement with the private sector so that they can work with the Government to delivery set goods and services (Iossa & Martimort, 2015). PPPs involve huge initial capital and business transfers through mutual benefit contractual agreements that create formal ties that determine the

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relationship between the government and selected private sector investors to provide set goods and services for the attainment of the set objective. PPP's emerge as a win-win position for the public, private sector as well as the citizen as they seek to address limitations of both the sectors. According to Priya and Jesintha (2011), PPPs are becoming a common tool in converging the strengths of both sectors by maximizing on the effectiveness and efficiencies normally associated with private enterprise through provision of the much needed initial capital to finance government initiated and owned programs. This in turn helps in freeing public funds for core economic and social programs.

Firms and governments are increasingly being pressurized to facilitate general improvements in reforms especially in public management in order to offer better quality service delivery (Kezar, Chambers & Burkhardt, 2015). Governments are instituting affiliations with the private sector to enable better designing, building, financing as well as operating infrastructural projects which were previously run by the public sector. In recent times, the emergence of financing opportunities from the private sector through public private partnerships have sufficed as a means to develop infrastructure in the public sector for instance in; transportation, public utilities, social infrastructure, accommodation, government offices, defense equipment and communications networks just to mention but a few (Kettl, 2015).

Modern day governments are increasingly placing more reliance on asset management and creative financing so as to improve and maintain key services provision even in the face of challenges posed by reliance on set budgets. An available alternative that exists is to tap onto alternative sources of capital that can effectively address the issue of government infrastructural deficit. Adopting public private partnership modalities would therefore ensure that the governments continuously offer crucial services to citizens even in the face of capital unavailability. Henry (2015) noted that such public private initiatives seek to allow many adopted projects to continue being in operation with joint public private participation. The current study therefore sought to establish factors influencing effective public private partnerships in Kenya.

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1.2.1 Public Private Partnerships in Developed World

Public Private Partnerships (PPPs) have become one of the key models adopted by governments in availing public goods and services to its citizenry. They have been applied by governments across the world for a long time dating back to the times of Roman Empire. For instance, the period between 16th- and 17th-century, PPPs were utilized in France to concession roads and bridges for tolls to cater for maintaining the routes over a period of time. According to Mehta, Bhatia and Chatterjee (2010), global statistics indicate that PPPs have been applied in the health sector mainly focusing on projects that require large sums of money that governments may not afford at once without failing to provide basic needs to its citizenry. Some of the known PPP projects in the world include: private finance initiatives (PFIs) for hospitals and local improvement finance trusts (LIFTs) in the United Kingdom (UK). According to Priya and Jesintha (2011), India had a total of 300 PPP projects worth Rs. 1, 35,876 scores in 20 states by the year 2011. The projects were distributed across several sectors including: Airports, ports, roads, urban development, railways and energy.

1.3 Statement of the Problem

Public private partnership is increasingly being applied by individuals charged with policy making in executing important public projects following increased shortfalls between government revenue and expenditures besides need for efficiency and effectiveness in project execution. It is believed that private sector injects in the much needed efficiency and effectiveness in project execution thus making it a win-win situation (Ismail, 2013). The private sector provides the required skills and management at economical prices hence making the project more cost effective.

Public private partnership have not achieved a lot despite their massive promotion effort as statistics indicate that public finance is still the most predominant model of government projects financing, accounting for over 90 percent of investments in infrastructure (Mehta, Bhatia and Chatterjee, 2010). A report by the World Bank (2010) on infrastructure in sub-Saharan Africa indicated that the public sector accounted for $ 2.5 in water and sanitation every year and aid agencies, whereas private sector accounted

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for less than $0.01 billion. In electricity, the public sector accounted for $4.1 billion for each year when the private sector accounted for $0.5 billion representing eleven percent.

Several studies have been undertaken on public private partnerships. Musyoka (2012) examined the how PPPs performed in the Kenyan housing sector over a period of five years and established that various risk management factors for instance; type of contractual agreements, the optimal allocation of risks and presence of governments guarantees have an effect on PPPs performance in the housing industry. The study is sector specific and the findings cannot be generalized to cover independent power producers. Nyabuto (2014) sought to examine the influence of participatory monitoring and evaluation on performance of PPP projects in Nairobi County and established that project monitoring and evaluation is indeed effective in ensuring that the attainment of project objectives. The study fails to cover this study's variables.

Mbati (2015) sought to examine the influence of PPP on service delivery in the health sector within Uasin Gishu County and established that public private partnership financial, procurement and managerial support influence services delivery. This study looks at the health sector in Uasin Gishu and findings cannot reflect the independent power producers. Ndumbu (2014) sought to examine the various factors that affect public private partnerships projects in solid waste management in Mombasa County. The core purpose is solid waste management and does not cover the independent power producers.

Mutua (2014) sought to establish the various key factors that affected the design of public PPP projects. The study established that environmental impact, presence of a strong consortium and partner's financial capabilities had a great influence on project performance. This study concentrated on designing the public private partnership projects as opposed to the factors that influence its effectiveness.

These identified studies concentrated on other aspects of PPP other than the factors that influence its effectiveness. This study sought to assess the factors influencing effective public private partnerships in Kenya.

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1.4 General Objective

The main objective of this study was to assess factors influencing effective public private partnerships in Kenya using a case of independent power producers.

1.5 Research Objectives

The study was guided by the following research objectives:

i. To determine the influence of legal framework on effectiveness of PPPs in Kenya
ii. To establish the influence of risk inherent in projects on effectiveness of PPPs in Kenya
iii. To establish the influence of technical know-how among stakeholders on effectiveness of PPPs in Kenya
iv. To determine the influence of Government procurement bureaucracies on effectiveness of PPPs in Kenya

1.6 Research Questions

i. How does legal framework influence the effectiveness of PPPs among independent power producers?
ii. What are the effects of risk inherent in projects on effectiveness of PPPs among independent power producers?
iii. What are the effects of technical knowhow among stakeholders on effectiveness of PPPs among independent power producers?
iv. How do Government procurement bureaucracies influence effectiveness among independent power producers?

1.7 Significance of the Study

The study would be valuable to a number of stakeholders including: policy makers in the Government of Kenya, private sector investors and future scholars and academicians. For the Government of Kenya, it is hoped that the findings of this study would be important in identifying the factors that affect the effectiveness of PPP projects so that they can evaluate ways of formulating appropriate policies to ensure they reap optimal benefits from PPPs.

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The findings would be important to private sector investors as they would understand the effect of various factors on effective PPP projects in Kenya. Through these findings, they would be informed on how to improve effectiveness in the forth coming PPP projects with the Government of Kenya.

The study would be important to future researchers and scholars in that it would act as a source of empirical literature besides suggesting areas for further research that they can research on. This would help grow the literature in these areas.

1.8 Scope of the Study

The study focused on assessing the factors affecting effective public private partnerships in Kenya using a case of independent power producers. This was done so as to understand what factors push for a great partnership that would be beneficial to both parties; either from government or the private stakeholders.

The study respondents were drawn from managers, project officers, project supervisors of the 23 Independent Power Producers in Kenya according to the Energy Regulatory Commission (2016). This study was carried out in the months of March and April 2017.

1.9 Limitations of the Study

Some respondents were reluctant to provide information requested non for fear of sharing information on the factors that affect public-private partnership. In order to overcome this limitation, the researcher carried an introduction letter from the university confirming the purpose of the survey. The researcher also assured respondents that the research findings were only meant for academic purposes.

Since most of respondents were expected to be busy, the researcher adopted a drop and pick later method allowing the respondents one week to fill the questionnaire before collecting them for analysis.

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CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter carries out a review of other works by other researchers and relates it to the present study. It looks at the theoretical review, empirical review covering the four objectives of the study (legal framework, risk inherent in projects, technical know-how among stakeholders and government procurement bureaucracies); the conceptual framework and operational framework.

2.2 Theoretical Framework

The study was anchored on Stewardship Theory and the Stakeholder Theory.

2.2.1 Stewardship Theory

To the extent that an official in charge of an organization feels that their future fortunes are dependent on their current corporate owners an expectation of future employment or the rights to pension, then the said senior manager in an organization may see their interests in the organization as aligned with that of the business and its owners, even without any shareholding by that official. These hypothetical contemplations contend a perspective of administrative inspiration other option to office hypothesis and which might be named stewardship hypothesis (Donaldson, 1990). The management, under this hypothesis, apart from being opportunistic thinkers, they envision doing a good job and act in the best interests of their employers who are the owners of a given entity (Barney, 1990). In this way, stewardship hypothesis holds that there is no intrinsic, general issue of official inspiration (Barney, 1990).

Given the non existence of an internal motivational challenge among those charged with management of organizational resources, a question arises in terms of how far the management team can deliver a good organizational performance which they yearn for (Conyon and He, 2011). Therefore, stewardship hypothesis holds that performance divergences from the plan emerge from whether the basic circumstance in which the management is found to play a key role in the successes recorded. The issue moves

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toward becoming regardless of whether the association structure helps the official to detail and execute plans for high corporate execution (Donaldson, 1985). Structures will be facilitative of this objective to the degree that they give clear, steady part desires and approve and engage senior administration.

In comparison to the agency theory school, stewardship hypothesis yields two inverse theories with respect to CEO administration: one is that CEO duality prompts higher returns to shareholders and the beneficial outcomes of CEO duality are not because of the spurious impacts of long haul remuneration. Stewardship hypothesis of administration and agency theory have both concentrated on the leadership philosophies embraced by the proprietor's of an organization. It developed from the original work by Donaldson and Davis (1991) as a model where senior management do their duties as stewards for the organization and to safeguard interests of their principals who are the shareholders. The model of man in stewardship hypothesis depends on the supposition that a manager will settle on choices to the greatest benefit for the organization by putting collectivist alternatives above self choices. This sort of individual is motivated by making the wisest decision for the organization, since he or she trusts that they will at last benefit when the organization performs better. The steward management seeks to maximize the performance of the organization, working under the premise that both the steward and the business owners benefit in equal measures when the organization performs better (Mallin, 2010).

Stewardship hypothesis specifically opposes the agency hypothesis which recommends the monitoring role through establishment of independent board of directors and presence of a powerful chairperson to oversee investment plans and activities of the organization. The board of directors together with their chairperson is believed to represent the interests of their fellow shareholders which might not always be the case. Muth and Donaldson (1998) in their review of various boards for companies listed at the Australian Stock Exchange revealed that stewardship provides optimal returns to an organization (Davis and Donaldson 1997).

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This theory is relevant to the study as it pushes the notion that executives from both the private sector and the public sector must work hand-in-hand to see to the success of the projects and plans they intend to implement. Thus an agreement between the parties on projects to take based on risks, legal framework and technical knowledge will ensure a successful public-private partnership.

2.2.2 Stakeholders Theory

There are two primary hypotheses that explain the relationship between stakeholders an how this relationship can be managed to eliminate disagreements. The separation of ownership and management has seen managers become powerful because of the much knowledge they possess about organization operations compared to their shareholders. It is argued that these relationships need to be well managed to ensure that the management pursues the interests of their shareholders and not their self glorification interests (Hutton, 1995). Supporters of this view contend, to the point that the current institutional limitations on the conduct of non executive directors, like undertaking regular audits, issuing threats of the organization being taken over in a hostile manner, may not be adequate to discipline managers from misusing their powers for self gains. Shareholders secured by markets that can easily convert firm shares into cash are uninterested in majority of the abuses except the ones likely to cause a huge loss. Incentive components, to the management to act in the best interest of their shareholders may include, share ownership alternatives (Keasey, Thompson and Wright, 1997). The misuse of management powers is especially embedded in the issues surrounding management overpay since compensation has ascended far quicker than normal income which exhibits, best case scenario an exceptionally feeble connection amongst pay and administration execution (Gregg, Conyon and Machin, 1993). The main restriction on official pay is by all accounts the unobtrusiveness of administrators themselves, and the making of alleged autonomous compensation councils by substantial organizations is not powerful.

Stakeholder theory examines the organization in the context of a wider range of implicit and explicit constituents also known as stakeholders. These stakeholders have legitimate expectations, urgent claims, purpose, needs and or power, control regarding the firm

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(Jones & Politt, 2002). They are affected by and affect the activities of the organization. Such stakeholders include employees, creditors, customers, suppliers, government and the community in which an organization operates. This is a broad approach to corporate governance that articulates management policies and attends to diverse stakeholders. This theory argues that while actions of managers may serve the interests of shareholders, there are other players whose interests must be taken care of too. Further, this theory states that the interconnected networks of stakeholders affect the decision making process and in essence effectiveness and outcomes of the firm (Freeman, 1984). Therefore the theory advocates for board of directors that are drawn from a wide range of these interest groups.

Jenson (2001) critique the Stakeholders theory for assuming a single-valued objective involving the gains that accrue to a firm's constituencies. Jensen (2001) argument suggests that the performance of a firm is not and should not be measured only by gains to its stakeholders. Performance of an organization should be measured by other key issues such as flow of information from senior management to lower ranks, inter-personal relations, working environment and that are all critical issues should be considered. An extension of the theory called an enlightened stakeholder theory was proposed to overcome the shortcomings of the stakeholders' theory.

This theory is relevant to the current study as it shows the importance of stakeholders' skills either in terms of technical know-how, in legal terms and in the procurement process in influencing the implementation of the partnership. All stakeholders' across the board must be involved to make the public private partnership a successful venture.

2.3 Empirical Framework

2.3.1 Legal Framework

Public Private partnerships (PPP) between government affiliated organization and private businesses that entail payment, reimbursement or transferring a public asset to the private individual businesses in return for goods or services for an agreed upon period of time (Kwak, Chih and Ibbs, 2009). It is also an arrangement between the government on behalf of the public people and private investors whether local or foreign ones in product

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and service provision. Such an arrangement occurs following the realization that although the public sector is charged with the provision of key infrastructure and goods and services to its citizenry. It often encounters challenges in terms of financial, technical and institutional limitations in the process of availing such projects hence the necessity of collaborating with the private sector in provision of such services (Kwak, et al., 2009)

Due to the nature of the agreement, then the partnership must be bound with regulations, policies and legalities, this will ensure the agreements are binding and contracts made are bound legally. Furthermore as noted by Ysa (2007) in the public management journal on governance forms in urban public-private partnerships. Stating that it is of extreme importance that Public-Private Partnership (PPP) projects are implemented based on environmental regulations and restrictions. Such projects that meet environmental regulations can be referred to as green Public-Private Partnership (PPP) projects. These regulations are most often enforced by the public sector and some private agencies working as non-profit organizations (Ysa, 2007).

Risse (2013) in the book on how policies and politics surrounding investment with limited statehood state that the PPPs are designed to improve the sharing of costs for mutual benefit, and the private sector by overcoming the challenges the project faces and exploiting the strengths together. Public-Private Partnerships provide one mechanism for achieving social goals because government involvement in developing and managing partnerships can provide communities with the necessary resources and incentives to pursue various initiatives. In Kenya minority and marginalized communities have benefited a lot from the public-private partnership in provision of basic needs like education, healthcare services, road network and engaging in agricultural activities to aid in food provision.

Abdel Aziz (2007) in a journal on the successful delivery of public-private partnerships for infrastructure development found out that the approach of Public-Private-Partnership is in striving to harness a wide range of managerial, commercial and technical skills of the private sector as well as get financial support through the private partners investment contribution. The benefits of such partnership include socio-political goodwill as the government is involved and has a stake in the project; low risk as there is an assurance in

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continuality of the project since the relationship is created from both angles and such an arrangement benefits from the lower cost of capital of the public sector; majorly the project is for public contribution yet the private sector benefits from it. With these benefits, and this combination is expected to enhance time, quality and cost efficiency of resultant projects. In Kenya, the concept of Public-Private-Partnership has picked up with the government entering into partnerships with private sector investors in the provision of various services include education provision, healthcare programs, infrastructure development projects like water provision and electricity supply.

The Public Procurement and Disposal Act (PPDA) or the (Public-Private Partnership) 2009 sets out the procedure for public procurement of goods and services. Initially Public-Private Partnership was governed by the traditional procurement law but it had some challenges that required specific regulations relating to Public-Private Partnership (PPPs) made under the act. The constitution also helps in enforcing the effectiveness of Public-Private Partnership clearly giving direction on what procedures to be taken when an entity contracts for goods and service delivery stating that it must do so in a fair, equitable, transparent, competitive and cost effective manner (Government of Kenya, 2009). The legal frameworks establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities in an effort to achieve maximum potential of the economic activities and those activities are done in an efficiency manner. The act also promotes competition among several players such that it would give the government a higher number of suppliers to choose from; the law ensures that competitors are treated fairly in an effort to ensure that the Public-Private Partnership is effective (Cattaneo, Gereffi, Miroudot & Taglioni 2013).

Zhang (2005) while investigating on the critical success factors for public–private partnerships in infrastructure development. The study noted that legal framework is key in ensuring the success of the partnership. Further noting that the legal framework that govern the Public-Private Partnership ensures that such an arrangement is successful by increasing transparency and accountability in all procedures and processes. This will ensure that there is no room for corruption and wastage of resources which if present will greatly and negatively affect the arrangement between the public bodies and the public

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investors. Furthermore when corruption is rooted out, the public confidence in the project increases, as they trust the government to use their monies in a prudent manner without wasting any resources. Once resources of the public are utilized prudently, then the local industry and firms thrive and there is economic development as people have jobs to do and are willing to pay taxes to enable activities (Zhang, 2005).

2.3.2 Risk Inherent in Projects

Forrer, Kee, Newcomer and Boyer (2010) in their work on Public–private partnerships and the public accountability question, concluded that there are any major infrastructure projects have a history of problems that affect them. Some of these problems include cost overruns; delays in completion, failed procurement process, interference in the procurement process or unavailability of private financing are common in infrastructure projects. Forrer, et al., (2010) mentions that most of projects when compared between the budget and the final costs, you will find that final costs are sometimes double or triple the original cost due to some of the above named factors. For instance; the Betuwe cargo railway linking the Netherlands and Germany came in at twice the original €2.3 billion budget and more than four times the original estimate. Typically, the public sector is unable to manage risk well as most often, public projects are late in completion and over budget. This is not in the all inclusive community interest. A key typical for PPP is the trading of risk from the all inclusive community division to the private range. If the private part can't complete improvement on time and inside spending arrangement, the organization fails to pay. These concerns in like manner apply to the game plan of legitimate organizations. If organizations are not open or don't meet the settled upon measures, the private party confronts cash related disciplines. Comprehend that organization do not trade each one of the risks to the private portion. Simply those perils that the private party is best prepared to supervise are traded (Forrer, et al., 2010).

Farquharson, Torres de Mästle and Yescombe (2011) in defining public-private partnerships, argue that there are various risks associated with the contract in the public-private partner and must be allocated to the party best able to manage them, that is, the party able to mitigate, reduce, manage or avoid the risk. As a rule, the risks relative to the infrastructure operation and service provision should be allocated to the private partner,

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as well as the project and construction risks. This is because the private sector is more attuned to such risks and is in a better position to handle such risks. Farquharson, et al, (2011) also note that as it is more difficult to determine who is best able to mitigate consumption/demand risks especially from the public for example in the case of a road where the private sector only has limited influence over traffic volume (in terms of number of vehicles and type) and these, as well as foreign exchange risks and political risks are often retained by the public sector; which is in a better position to be able to mitigate such risks, as it has some control over certain matters (Farquharson et al,. 2011).

Ke, Wang and Chan (2010) wrote a journal on allocation of risk among PPP projects. They concur that transfer of project risks from the government to the private investors is not supposed to affect the final cost of financing a project. This takes after from the Modigliani-Miller hypothesis, which says that the cost of capital depends just on the hazard attributes of a venture, and not on how it is financed. Be that as it may, the wellspring of financing can impact extend chance, since a few wellsprings of financing are in themselves hazardous and inconsistent in giving assets from the begin to end of the venture. With finish showcases in hazard bearing, extend hazard is autonomous of whether it is borne by the legislature or the private area. Inside entire markets in hazard bearing, extend chance relies on upon how broadly that hazard is spread among a few elements (Ke, et al., 2010).

Chung, Hensher, and Rose (2010) in toward the betterment of risk allocation: Investigating risk perceptions of Australian stakeholder groups to public–private-partnership toll road projects; confirm that in transferring risks the government can spread risk across taxpayers in general, and many investors state that this gives the government an advantage over the private sector in terms of managing risk; but other people also raise the fact that the private sector can spread risk across financial markets which gives it an advantage as it acquires more skilled risk managers whom they can afford to pay in terms of a better compensation package with benefits while the government may not be able to do it. The outcome is likely to be that project risk is lower in the private sector since they distribute their risks economically among other project

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participants, like banks, investment groups and firms, construction firms, engineering firms, operators and others (Chung, et al., 2010).

Musyoka (2012) posits that once the risk is spread evenly to all the concerned parties, it is going to reduce the burden of factoring the risk as a single entity thereby aiding in the focus of providing quality services. Once the risk has been spread to many partners, it reduces the borrowing cost to the private sector hence providing services at a lower cost and vice versa.

The lack of highest level policy direction affected the performance of public-private-partnerships. According to Nell and Associates (2007), a lack of proper leadership on Public-Private-Partnerships has a direct impact on the performance and effectiveness of the project. Policies should put in place that are clearly understood by both partners in the arrangement, in an effort to give clear direction in running the project as it assigns duties and responsibilities to avoid in-fighting that may negatively affect the project.

2.3.3 Technical Know-How among Stakeholders

The people with the skills and expertise knowledge are there but most governments are unable to compensate them for the services they provide (Bryson, Crosby & Stone, 2006). What they demand as compensation most governments are unwilling and sometimes unable to meet due to budgetary allocation constraints. Therefore the government seeks partnership with the private sector and private investors in an effort to attract and retain these experts in their professional field.

The idea of ability involves including individuals with the bits of knowledge and aptitudes required, from both the private and open divisions, to achieve the errands of the organization. "It is fundamental to include faculty that obviously comprehend organization targets and directions and also private business and contracting traditions, if there is a chance of the Public-Private Partnership (PPP) being successful (U.S. Department of Transportation 2007). The sort of mastery required relies on upon the organization mission, yet may well incorporate learning and abilities in data innovation, law, and administration of advertising and interior association issues. Ability might be the

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way to an organization, as they decide the achievement rate of the PPP ventures and projects (Patrinos, Osorio and Guáqueta 2009).

Mahoney (2011) in Item improvement associations: Case investigations of another system for wellbeing innovation advancement; contends that skill is imperative since it can prompt authoritative development. Ability is frequently a head rousing variable for the making of a PPP. In this way, it is basic for general society division to plainly express the aptitude it anticipates that its accomplices will convey to the PPP and for government to have the comparing skill to exploit the private learning and experience. Illustrative inquiries for open heads with respect to the skill component and open responsibility incorporate the accompanying: Has the private accomplice's aptitude been sufficiently determined in the offering procedure, and does the agreement guarantee that particular mastery offered by the accomplices will really be given? Is the mastery of each of the accomplices (both private division and government) utilized adequately, and is that aptitude observed in some mold? Once these inquiries are attractively addressed then there is a high possibility the venture or program keep running by the PPP will encounter awesome accomplishment in satisfying its command (Mahoney, 2011).

In a study conducted in Greece by Roumboutsos and Anagnostopoulos (2008) it was argued that the sponsoring authority of Public-Private Partnership (PPPs) ought to select a venture administrator to supervise, support and assume liability for the procedure. This individual would be bolstered by and would lead a venture group. This group, with the venture administrator at its head, would be the key element driving the Public-Private Partnership (PPP) project. It should be formed in Phase one during the Public-Private Partnership (PPP) project or program identification and remain together at least until technical close in Phase three where the Public-Private Partnership (PPP) does the procurement of materials and resources needed to run the project or program from start to its end. Supervision by the managerial support will lead to efficient delivery of services and effective implementation of the project (Roumboutsos & Anagnostopoulos, 2008).

Lewis (2008) asserts that management supports a PPP project by availing specialist advice and improves the capacity of private investors. They could be sub-contracted for a specific time to provide the expertise knowledge. Support may be provided through a

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government agency that had been used in previous projects in the country, furthermore policy papers that were made could be used to make reference materials for the current project. Whenever the Public-Private Partnership engages technical consultants there is an improvement in quality of service delivery (Lewis, 2008).

Regan, Smith and Love (2011) in infrastructure procurement argue that learning from PPP experiences further mentions that the project management support team when used at the outset of the process, their contributions and thoughts are a useful planning tool to ensure improved service delivery. The preparation of the plan will give the team a point of focus for thinking in greater detail about how the Public-Private Partnership (PPP) process will be carried out. Planning is also useful in the development and advance procurement thus ensuring improved services (Regan, et al., 2011).

2.3.4 Government Procurement Bureaucracies

Demirag and Khadaroo (2011) in the journal on management and governance: Accountability and value for money. It covers the quality of institutions, ministries and departments within the government and their effectiveness in translating policy and laws into successful implemented projects and programs. Good governance involve key principles. These principles include participation to a degree by all stakeholders; transparency which is a degree of clarity and openness in sharing of knowledge and information among stakeholders and in which decisions are made; accountability whereby for projects and programs to run their course, the government leaders and political actors are held responsible to society for what they say and for their actions. Another principle is fairness in handling people and also the degree to which rules apply equally to everyone in society despite their differences and efficiency where resources – the limited human and financial resources are applied without wastages, delays or corruptions or without prejudicing future generations (Demirag & Khadaroo, 2011).

As noted by Chowdhury, Chen and Tion (2011) in analyzing the structure of public–private partnership projects using network theory. Further noting that in the recent past there has been a shift where public–private partnership (PPP) is using financial reasons for greater efficiency or to create added value (Chowdhury, et al., 2011).

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Diggs and Roman (2012) in comprehension and following responsibility in general society acquisition prepare, say that open acquirement has, for long, been dominated with wastefulness, defilement and carelessness of principal "esteem for cash" contemplations. This has antagonistically affected the rate and nature of advance in understanding the goals of national improvement, particularly in creating and move nations which are for the most part situated in Africa (Diggs and Roman, 2012). Representatives may neither participate in, nor give the presence of taking part in, deceptive or untrustworthy activities. Both are damaging to the general population's view of genuine government. As an administration representative, you may approach acquisition and other non-open data that could influence an agreement offer or the honor procedure (Wymer and Regan, 2005). Disgraceful divulgence of such secured data could disregard various laws, and morals rules. It additionally could subject you to managerial activities, and also respectful or criminal punishments. Administration in contracting experts ought to guarantee that there is a fitting spotlight on great practice in acquiring and, where there is a huge acquirement work that techniques are set up to guarantee consistence with every single significant rule

Authorities required in acquisition of the Public-Private Partnership (PPP) materials and assets must not make inappropriate utilization of their position (Allard and Trabant, 2011). Authorities may approach exceptionally private and additionally showcase delicate data. It is deceptive to use inside data given to the organization as a component of a delicate procedure, either for the material advantage of the authority or for someone else. Criminal approvals apply to such conduct. While the Public-Private Partnership PPP enactment ought not be prescriptive, but rather tolerant concentrating on accomplishing results, while setting wide parameters in which accomplices can outline and execute ventures that they concede to. Thick enactment that looks to micromanage the PPP procedure will just discourage imminent speculators. The accentuation ought to be set on adaptability. It additionally implies: Successfully dealing with an association requires a powerful administration structure. A few associations expand on existing, regarded administration structures to abstain from making hierarchical duplication. Different organizations make new non-benefit elements or build up impermanent blue-strip panels, commissions, or admonitory sheets to manage their work (Allard and Trabant, 2011).

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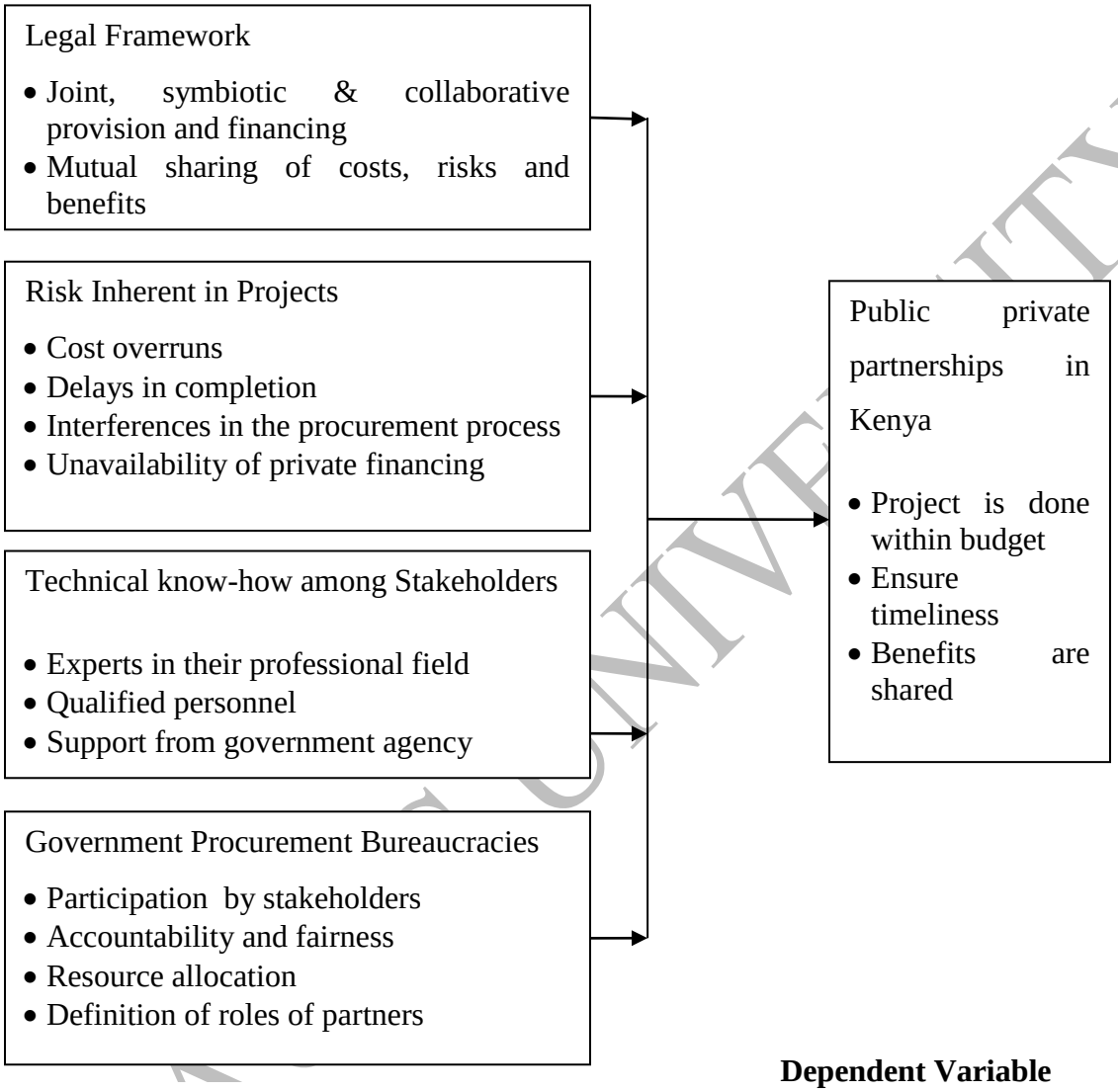
Heyneman and Stern (2014) in their study on minimal effort tuition based schools for poor people: What open arrangement is fitting; expressed that compelling administration structures characterize the different parts that accomplices will play and guarantee that all accomplices comprehend and acknowledge these parts. Numerous associations make composed arrangements that incorporate the parts and obligations of each accomplice or utilize contracts or memoranda of comprehension to characterize parts and duties. Characterizing accomplice parts and duties more often than not happens after the association grasps a common mission and explains its objectives. When accomplices share a mission, they will probably observe ways they can add to the organization's prosperity. Accomplices are likewise more inclined to remain effectively included when they feel their part is profitable (Heyneman and Stern, 2014).

And furthermore, Olusola, Opawole and Akinsiku, (2012) in the review on basic achievement considers open private association (PPP) on foundation conveyance in Nigeria; say these administration structures must incorporate standard procedures so the assorted people and associations cooperating toward shared objectives can achieve concurrence on troublesome issues. Guidelines could address how the accomplices will share data, direct gatherings, decide, characterize and measure achievement, and speak with each other. Such commonly settled upon rules can avert miscommunication and set up a procedure in which all accomplices take an interest viably and are regarded for their novel commitments. They likewise give an instrument to determine the unavoidable contrasts of sentiment (Babatunde et al, 2012).

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2.4 Conceptual Framework

Figure 2.1: Conceptual Framework



Source: Author (2016)

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2.5 Operational Framework

Table 2.1: Operational Framework

Objective	**Variable Type**	**Indicators**	**Type of data analysis**
To determine the influence of legal framework on effectiveness of PPPs in Kenya	**Independent** Contractual arrangements	• Joint, symbiotic & collaborative provision and financing • Mutual sharing of costs, risks and benefits	Descriptive Correlation Regression
To establish the influence of risk inherent in projects on effectiveness of PPPs in Kenya	**Independent** Managing risks Transfer of risk	• Cost overruns • Delays in completion • Interferences in the procurement process • Unavailability of private financing	Descriptive Regression
To establish the influence of technical know-how among stakeholders on effectiveness of PPPs in Kenya	**Independent** Expertise knowledge	• Experts in their professional field • Qualified personnel • Support from government agency	Descriptive Regression
To determine the influence of Government procurement bureaucracies on effectiveness of PPPs in Kenya	**Independent** Policy and laws	• Participation by stakeholders • Accountability and fairness • Resource allocation • Definition of roles of partners	Descriptive Regression
	Dependent Effectiveness of PPPs in Kenya	• Project is done within budget • Ensure timeliness • Benefits are shared	Descriptive Regression

2.6 Summary of Literature Review

For success of the public – private partnership, these factors must be in place. First the legal framework that govern the Public-Private Partnership ensures that such an arrangement is successful by increasing transparency and accountability in all procedures and processes, this will ensure that there is no room for corruption and wastage of

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resources which if present will greatly and negative affect the arrangement between the public bodies and the public investors.

Secondly, another key characteristic of PPP is the transfer of risk from the public sector to the private sector, since if the private sector is unable to complete construction on time and within budget, the government fails to pay. It is important to understand that government does not transfer all the risks to the private.

Another factor is that the government seeks partnership with the private sector and private investors in an effort to attract and retain experts in their professional field. The concept of expertise entails involving people with the insights and skills needed, from both the private and public sectors, to accomplish the tasks of the partnership.

And lastly, partnership is done to ease on government procurement bureaucracies where public–private partnership (PPP) is using financial reasons for greater efficiency or to create added value. It also takes the opinion of the public in the projects it runs so as to increase social, economic, and environmental development

In Kenya, the concept of Public-Private-Partnership has picked up with the government entering into partnerships with private sector investors in the provision of various services include education provision, healthcare programs, infrastructure development projects like water provision and electricity supply.

2.7 Research Gaps

Zhang (2005) while investigating on the critical success factors for public–private partnerships in infrastructure development. The study noted that legal framework is key in ensuring the success of the partnership. Further noting that the legal framework that govern the Public-Private Partnership ensures that such an arrangement is successful by increasing transparency and accountability in all procedures and processes, this will ensure that there is no room for corruption and wastage of resources which if present will greatly and negative affect the arrangement between the public bodies and the public investors. The study covers the critical success factors for infrastructure development and fails to cover the factors that influence effective public-private partnership.

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Mahoney (2011) in Product development partnerships a case study of a new mechanism for health technology innovation argues that expertise is important because it can lead to organizational innovation. Expertise is often a chief motivating factor for the creation of a Public-Private Partnership (PPP). The study was done in the health sector and thus the findings may not be applicable in the energy sector where independent power producers fall under.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the method that was applied by the researcher in collecting data. It discussed the research design adopted, the target population and the sampling technique that was used to obtain the sample size of the study respondents. This chapter also looks at the research instrument, the data collection method, analysis of data and the logical and ethical considerations when assessing the factors affecting effective public private partnerships in Kenya using a case of independent power producers.

3.2 Research Design

The study adopted a descriptive design which helps in determining and reporting the way things are without manipulation. It is basically concerned with issues surrounding the what, when, who and where of the phenomenon.

This design was deemed appropriate as it covers the observational nature of data that was collected from respondents who were employees working in the 23 independent power producers. Descriptive design uses a pre-planned design for analysis

3.3 Target Population

Population refers to the entire group of elements bearing observable characteristics that are of interest to a researcher (Mugenda & Mugenda, 2003). According to the Energy Regulatory Commission (2016), there are 23 Independent Power Producers in Kenya which were the target population. The study population was made up of the senior and middle level staff (managers, project officers, and supervisors) at the IPPs who have project management experience.

Table 3.1: Target Population

Target Group	Target Population
Managers	34
Project officers	56
Project supervisors	91
Total	**181**

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3.4 Census Sampling

Sampling refers to a list containing all population elements from which a sample is to be drawn (Kothari, 2008). This study adopted a census sampling technique where all members of a population are included in the study such that no sampling is done to arrive at the sample size (Chandran, 2004). This normally happens when the target population is easily accessible and is not very large to bring about data redundancy. According to Mugenda and Mugenda (2003) applying census to any target population of 200 or less items is ideal. Thus all the 181 target population was used as respondents for the study.

Table 3.2: Sample Size

Category	Target population	Sample Size Proportion	Sample Size
Managers	34	100%	34
Project officers	56	100%	56
Project supervisors	91	`100%	91
Total	**181**		**181**

3.5 Research Instruments

The researcher used questionnaires to collect primary data from the respondents. Creswell (2009) defines a questionnaire as a method for the elicitation, recording and collecting of information. The questionnaires were used because they are inexpensive and easy to be interpreted. The questionnaires had both open and close ended questions. The questionnaires were framed in accordance with the objectives of the study. The closed ended questions made use of a five point Likert scale where respondents were required to fill according to their level of agreement with each of the statements as per study variable.

3.6 Data Collection

Primary data refers to the data collected from the first time and for the current study and not any other purpose. For purposes of this study, the data collection was carried out through questionnaires. This is because questionnaires allow for a large number of respondents to be responding to them at the same, thus it saves on time as opposed to other methods such as interviews. In addition, the target population was educated and thus able to read and interpret the questions. Researcher distributed the questionnaires to

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the respondents and allow them a one week time to fill the questionnaire and the researcher went back to collect the filled questionnaire.

3.6.1 Pilot Testing

The researcher conducted a pilot study using 10 employees of OrPower4-Kenya one of an independent power station. Respondents who took part in the pilot study were not involved in the final sample size. The purpose of the pilot testing was determining the reliability of the research instruments. The researcher used the Cronbach-Alpha test to measure the degree by which the sample of test items represents the content the test is designed to measure. When the Cronbach-alpha was more than 0.7, the research instruments were deemed reliable. See Table 3.3.

Table 3.3: Pilot Testing

Variable	No. of Items	Cronbach-alpha
Legal Framework	9	0.711
Risk inherent to projects	9	0.737
Technical knowhow	10	0.719
Government procurement bureaucracy	12	0.713
Effectiveness of public private partnership	3	0.712

From the findings of the study, legal framework had Cronbach-alpha of 0.711, risk inherent to projects had 0.737, technical knowhow had 0.719, government procurement bureaucracy had 0.713 and effectiveness of public private partnership had 0.712, an indication that the scales used were reliable as all the coefficients were more than 0.7.

3.7 Data Analysis and Interpretation

Data analysis and interpretation involves cleaning up collected research data before undertaking to deduce it so as to give meaningful interpretation and explanation (Kothari, 2004). After field data collection, the questionnaires were checked for completeness and consistency, then sorted, cleaned and entered into Statistical Package for Social Sciences (SPSS version 22.0) and Microsoft Excel for subsequent analysis.

Descriptive statistics was used to analyze data by way of percentages, frequency, mean, standard deviation and variance. The analysis was conducted on the basis of the research

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questions that had been formulated. The study adopted descriptive statistical techniques where by the findings were presented in the form of pie charts, tables and graphs.

3.8 Logical and Ethical considerations

Resnik (2015) defines ethics as norms for conduct that distinguish between acceptable and unacceptable behavior. This study was on a voluntary basis and the researcher obtained permission beforehand to carry out the study. All information provided by respondents were treated with utmost confidentiality and were not revealed to anybody for whatever reason. This was clearly explained to the respondents to enable provision of information freely without any fear of intimidation. Lastly, questionnaires used did not contain the names of the respondents so as to maintain anonymity. This safeguard the respondents' identity from any form of victimization attributed to their responses.

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CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

Chapter four presents analysis and interpretation of data collected from the field. Questionnaires were used to collect data in line with study objectives. The findings are presented through descriptive statistics. The data is presented using graphs, charts and frequency tables.

4.1.1 Response Rate

A total of 181 questionnaires were distributed to the senior and middle level staff of IPPs in Kenya. Out of 181 questionnaires 127 were returned giving a response rate of 70%. This response was good enough and representative of the population and conforms to Kothari (2004) stipulation that a response rate of 70% and above is excellent. These finding is shown in Figure 4.1.

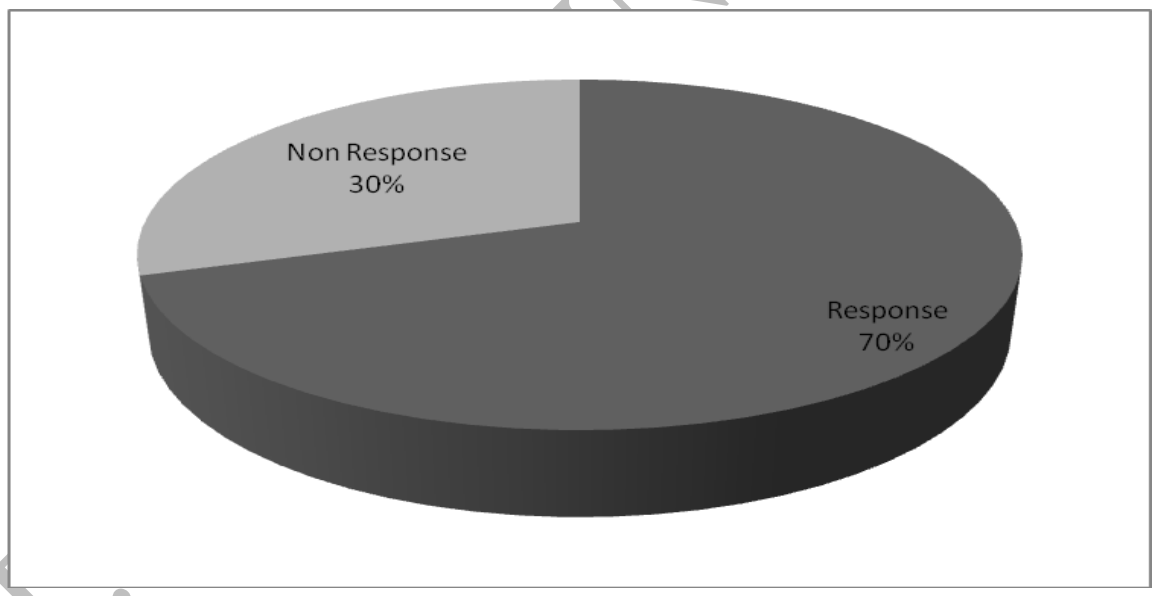


Figure 4.1: Response Rate
Source: Research Data (2017)

4.2 General Information

The study inquired the general information of the respondents as a way of fully understanding their suitability to undertake the study. This finding is presented in the following subsections.

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4.2.1 Gender Distribution

Study findings of the gender distribution of the respondents was as shown in the finding Figure 4.2.

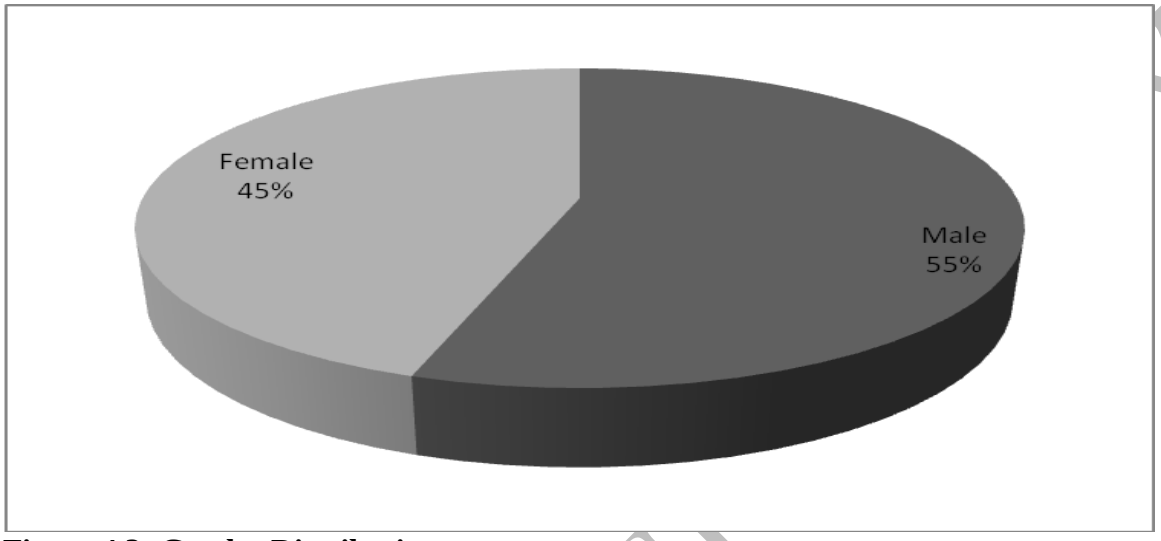


Figure 4.2: Gender Distribution
Source: Research Data (2017)

The finding shows that 45% of the respondents were females while 55% were male an indication that all genders were included thus provide a good representation for the study.

4.2.2 Highest Level of Education

The highest level of education attained by the people who participated in this study is shown in the Figure 4.3.

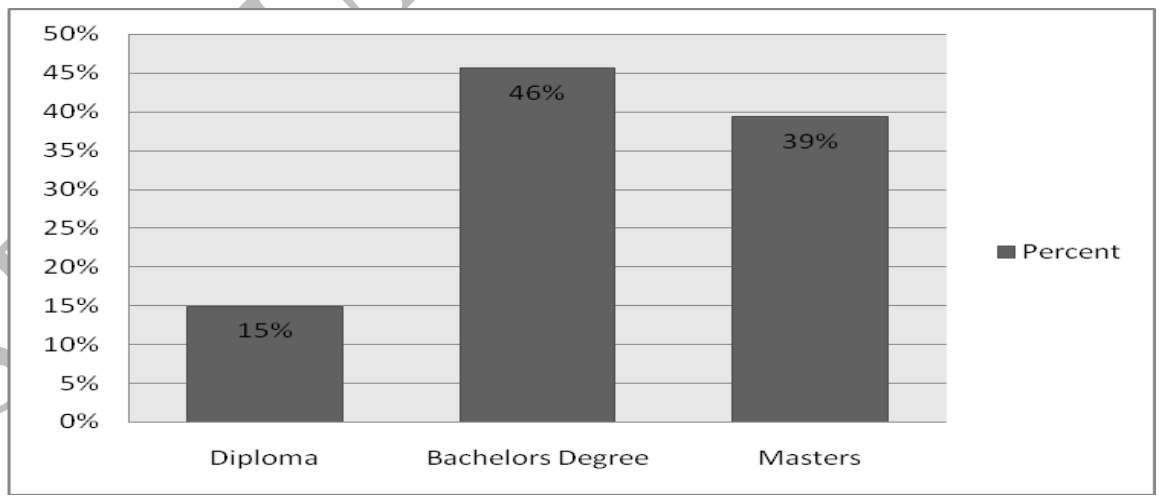


Figure 4.3: Highest Level of Education
Source: Research Data (2017)

From the responses, 15% of the respondents had diploma, 46% had bachelor's degree and 39% had master's degree. This is an indication that the respondents had relevant knowledge thus had an ease in addressing the questionnaires and providing correct responses.

4.2.4 Period Working in the Organization

The respondents were asked to indicate the period of time they have been working in their current organization. The finding is shown in Figure 4.3.

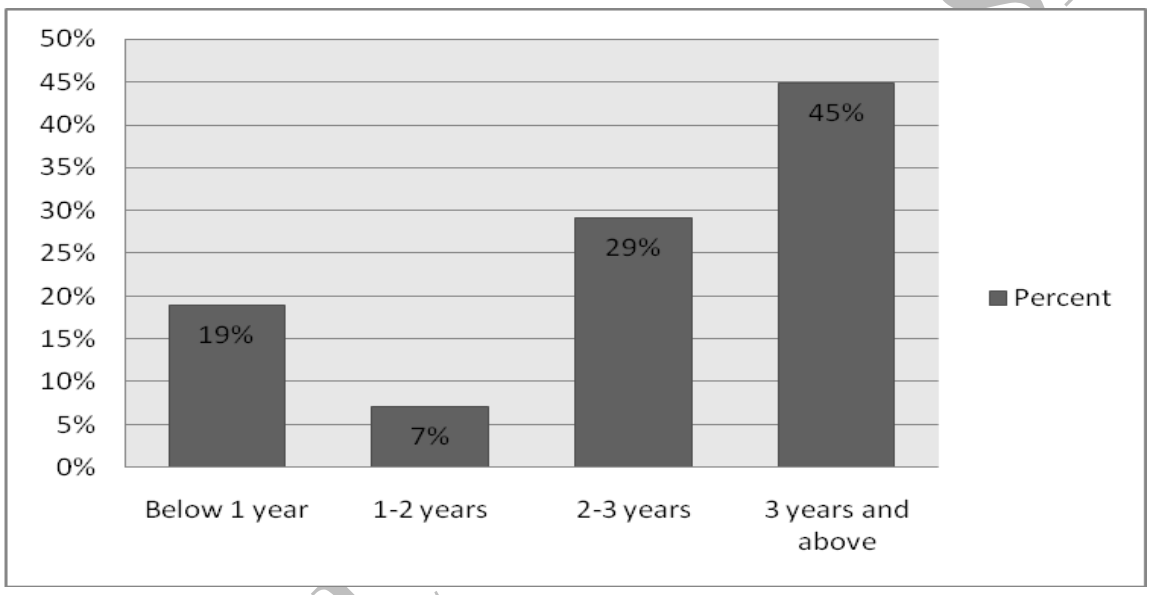


Figure 4.4: Period Working in the Organization

Source: Research Data (2017)

From the finding, 19% of the respondents indicated a period below 1 year, 7% indicated between 1-2 years, 29% indicated between 2-3 years and 45% indicated 3 years and above. This shows that the respondents had been in their respective organization long enough thus had sufficient background to provide relevant and reliable information.

4.2.2 Position in the Organization

The respondents were asked to indicate their positions in their organization. The findings are shown on Figure 4.4**.**

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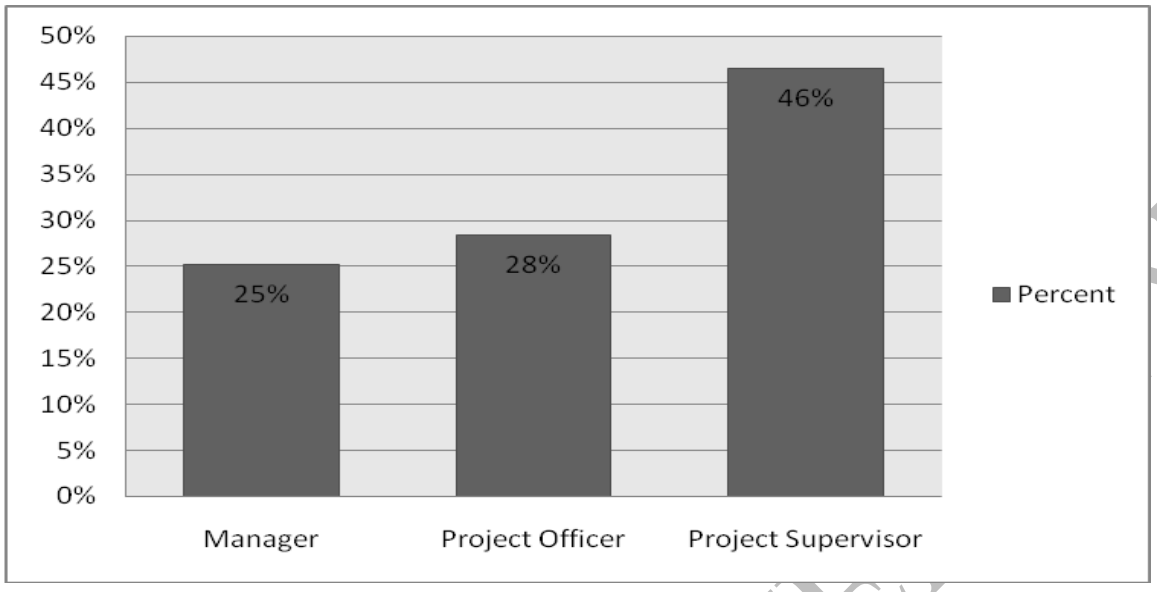


Figure 4.5: Position in the Organization
Source: Research Data (2017)

From the finding, 25% were managers, 28% were project officers while 46% were project supervisors. These findings show that the respondents had project management experience thus the information they provided were more reliable for the study.

4.3 Legal Framework

Several statements on legal framework on effectiveness of PPPs in Kenya were identified and the respondents were asked to indicate the extent to which they agree or disagree with these statements. A scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent was used. From the findings, mean and standard deviation was calculated for ease of interpretation. The finding is shown on Table 4.1.

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Table 4.1: Legal Framework

	No extent		**little extent**		**moderate extent**		**great extent**		**very great extent**	
	F	%	F	%	F	%	F	%	F	%
PPP are contractual arrangements between public sector organizations and private sector investors	24	18.9	48	37.8	16	12.6	25	19.7	14	11
PPP occurs out of the realization that public sector is facing challenges in infrastructure projects and service provision of basic needs to the locals	20	15.7	62	48.8	16	12.6	20	15.7	9	7.1
PPP are designed to enhance the mutual sharing of costs, risks and benefits of infrastructure projects	48	37.8	39	30.7	23	18.1	8	6.3	9	7.1
PPP provide one mechanism for achieving social goals	69	54.3	41	32.3	8	6.3	9	7.1	0	0
The Public Procurement and Disposal Act (PPDA) or the (PPP) 2009 sets out the procedure for public procurement of goods and services	50	39.4	24	18.9	15	11.8	19	15	19	15
The constitution helps in enforcing the effectiveness of PPP by giving direction on what procedures to be taken when an entity contracts for goods and service delivery	6	4.7	0	0	10	7.9	32	25.2	79	62.2
The legal frameworks establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities	5	3.9	0	0	14	11	30	23.6	78	61.4
The legal framework that govern the PPP ensures that such an arrangement is successful by increasing transparency and accountability	20	15.7	12	9.4	11	8.7	34	26.8	50	39.4
PPP projects are implemented based on environmental regulations and restrictions	25	19.7	47	37	16	12.6	25	19.7	14	11

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From the finding, 24 (18.9%) indicated no extent, 48 (37.8%) indicated little extent, 16 (12.6%) indicated moderate extent, 25 (19.7%) indicated great extent and 14 (11%) indicated very great extent that public-private-partnerships are contractual arrangements between public sector organizations and private sector investors. This implies that majority of the respondents agreed with the statement to a little extent and this finding concurs with Risse (2013) that the Public-Private Partnerships are designed to enhance the mutual sharing of costs, risks and benefits of infrastructure projects between the public and the private sector by overcoming the challenges the project faces and exploiting the strengths together.

On public-private-partnerships occurs out of the realization that the public sector is facing challenges in its responsibility in the delivery of infrastructure projects and service provision of basic needs to the locals 20 (15.7%) indicated no extent, 62 (48.8%) indicated little extent, 16 (12.6%) indicated moderate extent, 20 (15.7%) indicated great extent and 9 (7.1%) indicated very great extent which shows that the respondents agreed to a little extent. Majority of the respondents agreed to a little extent and this according to Kwak, et al., (2009) challenges in terms of financial, technical and institutional limitations in the process of availing projects necessitates collaborations of public with the private sector in provision of services.

As to whether public-private partnerships are designed to enhance the mutual sharing of costs, risks and benefits of infrastructure projects 48 (37.8%) indicated no extent, 39 (30.7%) indicated little extent, 23 (18.1%) indicated moderate extent, 8 (6.3%) indicated great extent and 9 (7.1%) indicated very great extent. The respondents disagreed with the ststement which contradicts with Kwak, Chih and Ibbs, (2009) PPP is an arrangement between the government on behalf of the public people and private investors whether local or foreign in product and service provision.

As to whether public-private partnerships provide one mechanism for achieving social goals 69 (54.3%) indicated no extent, 41 (32.3%) indicated little extent, 8 (6.3%) indicated moderate extent and 9 (7.1%) indicated great extent. The respondents disagreed with the statement which contradicts with Risse (2013) that Public-Private Partnerships provide one mechanism for achieving social goals because government involvement in

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developing and managing partnerships can provide communities with the necessary resources and incentives to pursue various initiatives.

On the Public Procurement and Disposal Act (PPDA) or the (Public-Private Partnership) 2009 sets out the procedure for public procurement of goods and services 50 (39.4%) indicated no extent, 24 (18.9%) indicated little extent, 15 (11.8%) indicated moderate extent, 19 (15%) indicated great extent and 19 (15%) indicated very great extent.

On whether the constitution helps in enforcing the effectiveness of Public-Private Partnership by giving direction on what procedures to be taken when an entity contracts for goods and service delivery 6 (4.7%) indicated no extent, 10 (7.9%) indicated moderate extent, 32 (25.2%) indicated great extent and 79 (62.2%) indicated very great extent. This implied that the respondents were in agreement which is in line with Government of Kenya (2009) that constitution also helps in enforcing the effectiveness of Public-Private Partnership clearly giving direction and service delivery.

As to whether the legal frameworks establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities 5 (3.9%) indicated no extent, 14 (11%) indicated moderate extent, 30 (23.6%) indicated great extent and 78 (61.4%) indicated very great extent. The respondents were in agreement to a very great extent which concurs with Zhang (2005) that legal framework is key in ensuring the success of the partnership.

On whether the legal framework that governs the Public-Private Partnership ensures that such an arrangement is successful by increasing transparency and accountability 20 (15.7%) indicated no extent, 12 (9.4%) indicated little extent, 11 (8.7%) indicated moderate extent, 34 (26.8%) indicated great extent and 50 (39.4%) indicated very great extent. This finding is consistent with Zhang (2005) that legal framework is key in ensuring the success of the partnership and govern the Public-Private Partnership ensures that such an arrangement is successful by increasing transparency and accountability in all procedures and processes

On whether public-private partnership (PPP) projects are implemented based on environmental regulations and restrictions 25 (19.7%) indicated no extent, 47 (37%)

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indicated little extent, 16 (12.6%) indicated moderate extent, 25 (19.7%) indicated great extent and 14 (11%) indicated very great extent. This finding is in line with Abdel Aziz (2007) that the approach of Public-Private-Partnership is in striving to harness a wide range of managerial, commercial and technical skills of the private sector as well as get financial support through the private partner's investment contribution.

4.3.1 Impact of Legal Framework on Effectiveness of PPPs in Kenya

The extent to which legal framework impacted on effectiveness of PPPs in Kenya is illustrated in the Table 4.2.

Table 4.2: Impact of Legal Framework on Effectiveness of PPPs in Kenya

	Frequency	Percent
No extent	21	16.5
little extent	26	20.5
moderate extent	39	30.7
great extent	41	32.3
Total	**127**	**100.0**

Source: Research Data (2017)

From the finding, 16.5% of the respondents indicated no extent, 20.5% indicated little extent, 30.7% indicated moderate extent and 32.3% indicated great extent.

4.4 Risk Inherent in Projects

Several statements on risk inherent in projects on effectiveness of PPPs in Kenya were listed and the respondents requested to indicate the extent to which they agree or disagree with these statements. A scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent was used. Mean and standard deviation was calculated for ease of interpretation and generalization of findings. The finding is presented in Table 4.3.

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Table 4.3: Risk Inherent in Projects

	No extent		little extent		moderate extent		great extent		very great extent	
	F	%	F	%	F	%	F	%	F	%
The public accountability question, raises infrastructure projects history of problems	15	11.8	67	52.8	17	13.4	20	15.7	8	6.3
Some of these problems include cost overruns, delays in completion, or unavailability of private financing	33	26	50	39.4	18	14.2	14	11	12	9.4
Most projects when compared between the budget and the final costs triple the original cost	42	33.1	51	40.2	13	10.2	13	10.2	8	6.3
A key characteristic of PPP is the transfer of risk	24	18.9	48	37.8	16	12.6	25	19.7	14	11
Risks relative to infrastructure operation and service provision is allocated	21	16.5	61	48	16	12.6	20	15.7	9	7.1
Transferring project risk should not affect the final cost of financing a project	45	35.4	41	32.3	24	18.9	8	6.3	9	7.1
In transferring risks the government can spread risk across taxpayers in general	67	52.8	42	33.1	9	7.1	9	7.1	0	0
A well-structured contract with a private partner can limit their risks and provide them with far more certainty	51	40.2	24	18.9	15	11.8	19	15	18	14.2
Once the risk is spread, it reduces burden of factoring it as a single entity	24	18.9	48	37.8	16	12.6	25	19.7	14	11

Source: Research Data (2017)

From the responses 15 (11.8%) indicated no extent, 67 (52.8%) indicated little extent, 17 (13.4%) indicated moderate extent, 20 (15.7%) indicated great extent and 8 (6.3%) indicated very great extent that PPP and the public accountability question, concluded that there are any major infrastructure projects have a history of problems that affect

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them. The respondents agreed to a little extent which concurs with Forrer, Kee, Newcomer and Boyer (2010) that Public–private partnerships and the public accountability question in any major infrastructure projects have a history of problems that affect them.

On some of these problems include cost overruns, delays in completion, failed procurement process or interferences in the procurement process or unavailability of private financing 33 (26%) indicated no extent, 50 (39.4%) indicated little extent, 18 (14.2%) indicated moderate extent, 14 (11%) indicated great extent and 12 (9.4%) indicated very great extent.

As to whether most of projects when compared between the budget and the final costs, you will find that final costs are sometimes double or triple the original 42 (33.1%) indicated no extent, 51 (40.2%) indicated little extent, 13 (10.2%) indicated moderate extent, 13 (10.2%) indicated great extent and 8 (6.3%) indicated very great extent. Majority of the respondents agreed to a little extent that the cost of projects is higher and this consistent with Forrer, et al., (2010) that final costs are sometimes double or triple the original cost due various factors.

As to whether a key characteristic of PPP is the transfer of risk from the public sector to the private sector 24 (18.9%) indicated no extent, 48 (37.8%) indicated little extent, 16 (12.6%) indicated moderate extent, 25 (19.7%) indicated great extent and 14 (11%) indicated very great extent.

On whether the risks relative to the infrastructure operation and service provision should be allocated to the private partner 21 (16.5%) indicated no extent, 61 (48%) indicated little extent, 16 (12.6%) indicated moderate extent, 20 (15.7%) indicated great extent and 9 (7.1%) indicated very great extent. The respondents agreed to a little extent and this concurs with Farquharson, Torres de Mästle and Yescombe (2011) that there are various risks associated with the contract in the public-private partner and must be allocated to the party best able to manage them, that is, the party able to mitigate, reduce, manage or avoid the risk

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Regarding to transferring project risk from the government to the private sector should not affect the final cost of financing a project 45 (35.4%) indicated no extent, 41 (32.2%) indicated little extent, 24 (18.9%) indicated moderate extent, 8 (6.3%) indicated great extent and 9 (7.1%) indicated very great extent. The respondents disagreed as majority indicated no extent which contradicts with Ke, Wang and Chan (2010) that transferring project risk from the government to the private sector should not affect the final cost of financing a project.

In transferring risks the government can spread risk across taxpayers in general, 67 (52.8%) indicated no extent, 42 (33.1%) indicated little extent, 9 (7.1%) indicated moderate extent and 9 (7.1%) indicated great extent.

As to whether a well-structured contract with a private partner can limit their risks and provide them with far more certainty 51 (40.2%) indicated no extent, 24 (18.9%) indicated little extent, 15 (11.8%) indicated moderate extent, 19 (15%) indicated great extent and 18 (42%) indicated very great extent. The finding concurs with Ke, Wang and Chan (2010) that transferring project risk from the government to the private sector should not affect the final cost of financing a project and in any case the project is done under partnership between the government and the private sector investors.

On the risk is spread evenly to all the concerned parties, it is going to reduce the burden of factoring the risk as a single entity thereby aiding in the focus of providing quality services 24 (18.9%) indicated no extent, 48 (37.8%) indicated little extent, 16 (12.6%) indicated moderate extent, 25 (19.7%) indicated great extent and 14 (11%) indicated very great extent. This finding concurs with Chung, Hensher, and Rose (2010) that in transferring risks the government can spread risk across taxpayers in general, and many investors state that this gives the government an advantage over the private sector in terms of managing risk

4.4.1 Influence of Inherent Risk on Effectiveness of PPPs in Kenya

The extent to which inherent risk had impacted on effectiveness of PPPs in Kenya is shown in the Table 4.4.

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Table 4.4: Impact of Inherent Risk on Effectiveness of PPPs in Kenya

	Frequency	Percent
No extent	42	33.1
little extent	51	40.2
moderate extent	13	10.2
great extent	13	10.2
very great extent	8	6.3
Total	**127**	**100.0**

Source: Research Data (2017)

From the responses, 33.1% of the respondents indicated no extent, 40.2% indicated little extent, 10.2% indicated moderate extent, 11110.2% indicated great extent and 6.3% indicated very great extent.

4.5 Technical Know-How among Stakeholders

Several statements on technical know-how among stakeholders on effectiveness of PPPs in Kenya were identified and the respondents were asked to indicate the extent to which they agree with the statements. A likert scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent was used. The finding is shown in Table 4.3.

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Table 4.5: Technical Know-How among Stakeholders

	No extent		little extent		moderate extent		great extent		very great extent	
	F	%	F	%	F	%	F	%	F	%
Governments are often assumed to seek out private or non-profit alliances to access a wider range of resources and expertise	27	21.3	42	33.1	17	13.4	26	20.5	15	11.8
Governments are unable to compensate peopled with the skills and expertise knowledge	10	7.9	69	54.3	16	12.6	23	18.1	9	7.1
Government partners with the private sector and private investors in an effort to attract and retain these experts.	29	22.8	51	40.2	19	15	15	11.8	13	10.2
Expertise concept entails involving people with the insights and skills needed, from both private and public sectors	51	40.2	47	37	13	10.2	10	7.9	6	4.7
Type of expertise needed depends on the partnership mission	69	54.3	28	22	13	10.2	14	11	3	2.4
Expertise is often a chief motivating factor for the creation of a PPP.	34	26.8	17	13.4	4	3.1	23	18.1	49	38.6
Sponsoring authority of PPPs should appoint a project manager.	11	8.7	5	3.9	8	6.3	22	17.3	81	63.8
Supervision by the managerial support will lead to efficient delivery of services and effective implementation of the project	9	7.1	0	0	10	7.9	26	20.5	82	64.6
Whenever PPP engages technical consultants there is an improvement in quality of service delivery	20	15.7	22	17.3	14	11	32	25.2	39	30.7
The project management support team when used at the outset of the process, their contributions and thoughts are a useful planning tool to ensure improved service delivery.	22	17.3	46	36.2	14	11	26	20.5	19	15

Source: Research Data (2017)

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On whether governments are often assumed to seek out private or non-profit alliances in an effort to access a wider range of resources and expertise 27 (21.3%) indicated no extent, 42 (33.1%) indicated little extent, 17 (13.4%) indicated moderate extent, 26 (20.5%) indicated great extent and 15 (11.8%) indicated very great extent. The respondents were in agreement to a little extent which is in line with Bryson, Crosby and Stone (2006) that people with the skills and expertise knowledge are there but most governments are unable to compensate them for the services they provide.

As to whether people with the skills and expertise knowledge are there but most governments are unable to compensate them 10 (7.9%) indicated no extent, 69 (54.3%) indicated little extent, 16 (12.6%) indicated moderate extent, 23 (18.1%) indicated great extent and 9 (7.1%) indicated very great extent.

On whether government seeks partnership with the private sector and private investors in an effort to attract and retain these experts in their professional field 29 (22.8%) indicated no extent, 51 (40.2%) indicated little extent, 19 (15%) indicated moderate extent, 15 (11.8%) indicated great extent and 13 (10.2%) indicated very great extent. The respondents agreed to a little extent with the statement which is consistent with Patrinos, Osorio and Guáqueta (2009) that expertise may be the key to a partnership, as they determine the success rate of the Public-Private Partnership (PPP) projects and programs.

Regarding to the concept of expertise entails involving people with the insights and skills needed, from both the private and public sectors, to accomplish the tasks of the partnership 51 (40.2%) indicated no extent, 47 (37%) indicated little extent, 13 (10.2%) indicated moderate extent, 10 (7.9%) indicated great extent and 6 (4.7%) indicated very great extent.

On whether the type of expertise needed depends on the partnership mission, but may well include knowledge and skills in information technology, law, and management of public relations and internal partnership issues 69 (54.3%) indicated no extent, 28 (22%) indicated little extent, 13 (10.2%) indicated moderate extent, 14 (11%) indicated great extent and 3 (2.4%) indicated very great extent. The respondents disagreed with the statement which contradict with Roumboutsos and Anagnostopoulos (2008) that

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supervision by the managerial support will lead to efficient delivery of services and effective implementation of the project.

As to whether expertise is often a chief motivating factor for the creation of a Public-Private 34 (26.8%) indicated no extent, 17 (13.4%) indicated little extent, 4 (3.1%) indicated moderate extent, 23 (18.1%) indicated great extent and 49 (38.6%) indicated very great extent. Majority of the respondents agreed on expertise as important in public private partnership. This finding is contrary to that of Mahoney (2011) that expertise is important because it can lead to organizational innovation.

On whether the sponsoring authority of Public-Private Partnership (PPPs) should appoint a project manager to oversee, support and take responsibility for the process 11 (8.7%) indicated no extent, 5 (3.9%) indicated little extent, 8 (6.3%) indicated moderate extent, 22 (17.3%) indicated great extent and 81 (63.8%) indicated very great extent. The respondents agreed to a very great extent which implies that project managers were important and this concurs with Mbati, (2015) that project management support role is overall project management, ensuring the process is delivered according to schedule and containing costs, engaging advisors, including determining their terms of reference

On whether supervision by the managerial support will lead to efficient delivery of services and effective implementation of the project 91 (7.1%) indicated no extent, 10 (7.9%) indicated moderate extent, 26 (20.5%) indicated great extent and 82 (64.6%) indicated very great extent.

On whenever the Public-Private Partnership engages technical consultants there is an improvement in quality of service delivery 20 (15.7%) indicated no extent, 22 (17.3%) indicated little extent, 14 (11%) indicated moderate extent, 32 (25.2%) indicated great extent and 39 (30.7%) indicated very great extent. The respondents agreed to a very great extent which is consistent with Mbati (2015) that project management assess their services and champions the project and submit the application for approval thus ensuring service delivery.

As to whether project management support team when used at the outset of the process, their contributions and thoughts are a useful planning tool to ensure improved service

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delivery 22 (17.3%) indicated no extent, 46 (36.2%) indicated little extent, 14 (11%) indicated moderate extent, 26 (20.5%) indicated great extent and 19 (15%) indicated very great extent. This finding is in agreement with that of Regan, Smith and Love (2011) that the project management support team when used at the outset of the process, their contributions and thoughts are a useful planning tool to ensure improved service delivery.

4.5.1 Influence of Technical Know-How on Effectiveness of PPPs in Kenya

The respondents were asked to indicate the extent to which technical know-how among stakeholders impacted on effectiveness of PPPs in Kenya. The finding is shown in Table

Table 4.6: Impact of Technical Know-How on Effectiveness of PPPs in Kenya

	Frequency	Percent
No extent	51	40.2
little extent	47	37.0
moderate extent	13	10.2
great extent	10	7.9
very great extent	6	4.7
Total	**127**	**100.0**

Source: Research Data (2017)

The finding shows that, 40.2% of the respondents indicated no extent, 37% indicated little extent, 10.2% indicated moderate extent, 7.9% indicated great extent and 4.7% indicated very great extent.

4.6 Government Procurement Bureaucracies

Various statements on government procurement bureaucracies on effectiveness of PPPs in Kenya were required to indicate the extent to which they agree or disagree with these statements. The finding is presented in Table 4.7.

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Table 4.7: Government Procurement Bureaucracies

	No extent		**little extent**		**moderate extent**		**great extent**		**very great extent**	
	F	%	F	%	F	%	F	%	F	%
Governance concerns processes in government actions and how things are done.	35	27.6	41	32.3	30	23.6	7	5.5	14	11
Good governances involve key principles like participation, transparency, accountability, fairness and efficiency	62	48.8	49	38.6	8	6.3	8	6.3	0	0
PPP uses financial reasons for greater efficiency and value.	64	50.4	28	22	21	16.5	14	11	0	0
Public procurement has overshadowed with inefficiency, corruption and disregard of fundamental "value for money" considerations.	5	3.9	5	3.9	34	26.8	83	65.4	0	0
Management in contracting authorities seek partnerships focusing on good practice in purchasing and procedures.	0	0	0	0	13	10.2	23	18.1	91	71.7
Officials involved in procurement of the (PPP) materials and resources must	35	27.6	41	32.3	30	23.6	7	5.5	14	11
PPP legislation is prescriptive, and focus on achieving outcomes	40	31.5	41	32.3	30	23.6	8	6.3	8	6.3
Successfully managing a partnership requires an effective governance structure.	71	55.9	38	29.9	9	7.1	9	7.1	0	0
Effective governance structures define roles that partners play	66	52	30	23.6	23	18.1	8	6.3	0	0
PPPs create written plans that cover roles and responsibilities of each partner	6	4.7	0	0	5	3.9	39	30.7	77	60.6
Governance structures need to cover ground rules for diverse parties working toward shared goals.	0	0	0	0	13	10.2	25	19.7	89	70.1
Mutually agreed-upon guidelines help prevent disagreements in a partnership	40	31.5	41	32.3	30	23.6	8	6.3	8	6.3

Source: Research Data (2017)

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The respondents indicated that to a little extent good governances involve key principles like participation, transparency, accountability, fairness and efficiency with 35 (27.6%) indicated no extent, 41 (33.2%) indicated little extent, 30 (23.6%) indicated moderate extent, 7 (5.5%) indicated great extent and 14 (11%) indicated very great extent. The respondents agreed to a little extent which concurs with Demirag and Khadaroo (2011) that participation to a degree by all stakeholders; transparency which is a degree of clarity and openness in sharing of knowledge and information among stakeholders and in which decisions are made.

On whether Public–Private partnership (PPP) is using financial resources for greater efficiency and to create added value 64 (50.4%) indicated no extent, 28 (22%) indicated little extent, 21 (16.5%) indicated moderate extent and 14 (11%) indicated great extent. This shows that the respondents disagreed with the statement which contradicts with the Demirag and Khadaroo (2011) limited human and financial resources are applied without wastages, delays or corruptions or without prejudicing future generations.

On successfully managing a partnership requires an effective governance structure 71 (55.9%) indicated no extent, 38 (29.9%) indicated little extent, 9 (7.1%) indicated moderate extent and 9 (7.1%) indicated very great extent. The respondents disagreed with the on effective governance which contradicts with Olusola Babatunde, Opawole and Emmanuel Akinsiku, (2012) governance structures must include ground rules so the diverse individuals and organizations working together toward shared goals can reach agreement on difficult issues.

On whether effective governance structures define the various roles that partners will play and ensure that all partners understand and accept their roles 66 (52%) indicated no extent, 30 (23.6%) indicated little extent, 23 (18.1%) indicated moderate extent and 8 (6.3%) indicated very great extent. This finding concurs with Allard and Trabant (2011) that officials involved in procurement of the Public-Private Partnership (PPP) materials and resources must not make improper use of their position.

To a moderate extent the respondents indicated that governance refers to the processes in government actions and how things are done with 35 (27.6%) indicated no extent, 41

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(33.2%) indicated little extent, 30 (23.6%) indicated moderate extent, 7 (5.5%) indicated great extent and 14 (11%) indicated very great extent.

As to whether the officials involved in procurement of the Public-Private Partnership (PPP) materials and resources must not make improper use of their position 35 (27.6%) indicated no extent, 41 (33.2%) indicated little extent, 30 (23.6%) indicated moderate extent, 7 (5.5%) indicated great extent and 14 (11%) indicated very great extent.

On whether Public-Private Partnership PPP legislation should not be prescriptive, but permissive focusing on achieving outcomes 40 (31.5%) indicated no extent, 41 (32.3%) indicated little extent, 30 (23.6%) indicated moderate extent, 8 (6.3%) indicated great extent and 8 (6.3%) indicated very great extent.

On whether mutually agreed-upon guidelines can prevent miscommunication and establish a process in which all partners participate effectively and are respected for their unique contributions 40 (31.5%) indicated no extent, 41 (32.3%) indicated little extent, 30 (23.6%) indicated moderate extent, 8 (6.3%) indicated great extent and 8 (6.3%) indicated very great extent. This is consistent with Demirag and Khadaroo (2011) that the limited human and financial resources are applied without wastages, delays or corruptions or without prejudicing future generations.

As to whether public procurement has, for long, been overshadowed with inefficiency, corruption and disregard of fundamental "value for money" considerations 5 (3.9%) indicated no extent, 5 (3.9%) indicated little extent, 34 (26.8%) indicated moderate extent and 83 (65.4%) indicated very great extent.

On whether management in contracting authorities and seeking partnerships should ensure that there is an appropriate focus on good practice in purchasing and procedures are in place to ensure compliance with all relevant guidelines 13 (10.2%) indicated moderate extent, 23 (18.1%) indicated great extent and 91 (71.7%) indicated very great extent.

On whether many partnerships create written plans that include the roles and responsibilities of each partner or use contracts or memoranda of understanding to define

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roles and responsibilities 6 (4.7%) indicated no extent, 5 (3.9%) indicated moderate extent, 39 (30.7%) indicated great extent and 77 (60.6%) indicated very great extent.

On governance structures must include ground rules so the diverse individuals and organizations working together toward shared goals can reach agreement on difficult issues 13 (10.2%) indicated moderate extent, 25 (19.7%) indicated great extent and 89 (70.1%) indicated very great extent. This finding is in agreement with Chowdhury, et al., (2011) that much more can be done so that public–private partnerships (PPPs) can increase social, economic, and environmental development.

4.6.1. Influence of Government Procurement Bureaucracies on Effectiveness of PPPs in Kenya

The respondents were asked to indicate the extent to which government procurement bureaucracies has impacted on effectiveness of PPPs in Kenya. The finding is shown in Table 4.8.

Table 4.8: Influence of Government Procurement Bureaucracies on Effectiveness of PPPs in Kenya

	Frequency	Percent
No extent	71	55.9
little extent	39	30.7
moderate extent	9	7.1
great extent	8	6.3
Total	**127**	**100.0**

Source: Research Data (2017)

From the responses, 55.9% of the respondents indicated no extent, 30.7% indicated little extent, 7.1% indicated moderate extent and 6.3% indicated great extent.

4.7 Effectiveness of Public Private Partnership

The respondents were asked to indicate the extent to which public private partnership was effective in their organizations. The finding is shown in Table 4.9.

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Table 4.9: Effectiveness of Public Private Partnership

	No extent		little extent		moderate extent		great extent		very great extent	
	F	%	F	%	F	%	F	%	F	%
Project is done within budget	45	35.4	38	29.9	27	21.3	6	4.7	11	8.7
Ensure timeliness	31	24.4	29	22.8	24	18.9	15	11.8	28	22
Benefits are shared	51	40.2	29	22.8	10	7.9	12	9.4	25	19.7

Source: Research Data (2017)

The finding shows that on project is done within budget 45 (35.4%) indicated no extent, 38 (29.9%) indicated little extent, 27 (21.3%) indicated moderate extent, 6 (4.7%) indicated great extent and 11 (8.7%) indicated very great extent. The respondents disagreed that the projects were done within the stipulated budget line.

As to ensure timeliness 31 (24.4%) indicated no extent, 29 (22.8%) indicated little extent, 24 (18.9%) indicated moderate extent, 15 (11.8%) indicated great extent and 28 (22%) indicated very great extent. The respondents agreed to a small extent on the timelines of the projects.

On whether benefits are shared 51 (40.2%) indicated no extent, 29 (22.8%) indicated little extent, 10 (7.9%) indicated moderate extent, 12 (9.4%) indicated great extent and 25 (19.7%) indicated very great extent. The respondents disagreed on the benefits shared.

4.8 Regression Analysis

The study conducted regression analysis to assess factors influencing effective public private partnerships in Kenya. The study results are shown in the subsequent sections.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.770[a]	.593	.579	2.71644

Table 4.10 shows that the coefficient of determination R^2 is 0.593. This means that the combined influence of the predictor variables (legal framework, risk inherent, technical know-how and government procurement bureaucracies) explains 59.3% of the effectiveness of public private partnership in Kenya.

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Table 4.11: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	1289.99	4	322.497	44.43286	.000[b]
Residual	885.485	122	7.2580738		
Total	**2175.47**	**126**			

The F critical at 5% level of significance was 2.46. Since F calculated is greater than the F critical (44.43286> 2.46), this shows that the overall model was significant. The significance is 0.000 which is less than 0.05, thus indicating that the predictor variables (legal framework, risk inherent, technical know-how and government procurement bureaucracies) were significant in explaining the variation in the dependent variable.

Table 4.12: Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	2.363	2.177		1.086	.028
Legal Framework	.063	.068	.069	.923	.035
Risk Inherent	.024	.069	.025	.343	.032
Technical Know-How	.014	.062	.016	.228	.020
Government Procurement Bureaucracies	.591	.047	.772	12.552	.000

From the regression findings, the regression equation becomes:

$$\mathbf{Y= 2.363+ 0.063\ X_1+ 0.024X_2+ 0.014X_3+ 0.591X_4+ \varepsilon}$$

Where: Y= Effectiveness of PPPs, X_1= legal framework, X_2= risk inherent, X_3= technical know-how, X_4= government procurement bureaucracies and ε = Error Term.

From the findings in the regression analysis, if the factors (legal framework, risk inherent, technical know-how and government procurement bureaucracies) were held constant, effectiveness of PPPs would be at 2.363. A unit increase in legal framework would lead to an increase in effectiveness of PPPs by 0.063. A unit increase in risk inherent would lead to an increase in effectiveness of PPPs by 0.024. A unit increase in technical know-how would lead to an increase in effectiveness of PPPs by 0.014. A unit increase in government procurement bureaucracies would lead to an increase in effectiveness of

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PPPs by 0.591. All factors were significant because the significance values were less than 0.05.

4.9 Discussion of the Findings

The study established that the constitution helps in enforcing the effectiveness of PPP by giving direction on what procedures to be taken when an entity contracts for goods and service delivery. The finding is in line with Ysa (2007) who established that due to the nature of the agreement, then the partnership must be bound with regulations, policies and legalities, this will ensure the agreements are binding and contracts made are bound legally. The study established that the legal frameworks establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities. Having in place proper procedures ensures order in the procurement processes besides ensuring integrity and transparency.

The study found out that a well-structured contract with a private partner can limit their risks and provide them with far more certainty. A key characteristic of PPP is the transfer of risk. The finding is in line with Forrer, et al., (2010) who established that typically, the public sector is unable to manage risk well as most often; public projects are late in completion and over budget. This is not in the all inclusive community interest. A key typical for PPP is the trading of risk from the all inclusive community division to the private range.

The findings of the study indicated that supervision by the managerial support will lead to efficient delivery of services and effective implementation of the project. The study established that sponsoring authority of PPPs should appoint a project manager. The finding is in line with Roumboutsos and Anagnostopoulos (2008) who established that supervision by the managerial support will lead to efficient delivery of services and effective implementation of the project.

The study found out that management in contracting authorities seeks partnerships focusing on good practice in purchasing and procedures. In view of this finding, Demirag and Khadaroo (2011) established that good governances involve key principles. These principles include participation to a degree by all stakeholders; transparency which is a

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degree of clarity and openness in sharing of knowledge and information among stakeholders and in which decisions are made; accountability whereby for projects and programs to run their course, the government leaders and political actors are held responsible to society for what they say and for their actions. Another principle is fairness in handling people and also the degree to which rules apply equally to everyone in society despite their differences and efficiency where resources – the limited human and financial resources are applied without wastages, delays or corruptions or without prejudicing future generations. The study established that governance structures need to cover ground rules for diverse parties working toward shared goals.

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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMEDATIONS

5.1 Introduction

This chapter presents the summary of the findings and draws conclusions from the findings based on the objectives. The Chapter also presents the recommendations made from the findings. The main objective of this study was to assess factors influencing effective public private partnerships in Kenya using a case of independent power producers.

5.2 Summary of the findings

5.2.1 Legal Framework

The study found out that PPPs are contractual arrangements between a government and private investors and occurs out of the realization that the public sector is facing challenges in its responsibility in the delivery of infrastructure projects and service provision of basic needs to the locals. Public-Private Partnerships are designed to enhance the mutual sharing of costs, risks and benefits of infrastructure projects are implemented based on environmental regulations and restrictions. Legal framework that govern the Public-Private Partnership ensures that such an arrangement is successful by increasing transparency and accountability, the constitution helps in enforcing the effectiveness of Public-Private Partnership by giving direction on what procedures to be taken when an entity contracts for goods and service delivery and the legal frameworks establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities.

5.2.2 Risk Inherent in Projects

The study established that the risks relative to the infrastructure operation and service provision should be allocated to the private partner, transferring project risk from the government to the private sector should not affect the final cost of financing a project, in transferring risks the government can spread risk across taxpayers in general, a well-structured contract with a private partner can limit their risks and provide them with far

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more certainty and public–private partnerships is the transfer of risk from the public sector to the private sector and the risk is spread evenly to all the concerned parties, it is going to reduce the burden of factoring the risk as a single entity thereby aiding in the focus of providing quality services.

5.2.3 Technical Know-How among Stakeholders

The study revealed that that expertise is often a chief motivating factor for the creation of a Public-Private Partnership, sponsoring authority of Public-Private Partnership (PPPs) should appoint a project manager to oversee, support and take responsibility for the process, supervision by the managerial support will lead to efficient delivery of services and effective implementation of the project and whenever the Public-Private Partnership engages technical consultants there is an improvement in quality of service delivery.

5.2.4 Government Procurement Bureaucracies

The study also revealed that that public procurement had been overshadowed with inefficiency, corruption and disregard of fundamental value for money considerations, management in contracting authorities and seeking partnerships should ensure that there is an appropriate focus on good practice in purchasing and procedures are in place to ensure compliance with all relevant guidelines and many partnerships create written plans that include the roles and responsibilities of each partner or use contracts or memoranda of understanding to define roles and responsibilities.

5.3 Conclusion

The study concludes that legal framework affects the effectiveness of public-private partnership as favorable legal framework and strong institutional framework affects the performance of Public-Private-Partnerships to a very great extent. Political and socio-economic environment; stable political system, affordability and favorable economic conditions affect the effectiveness of Public-Private-Partnerships to a very great extent.

Risk management affects the performance of Public-Private-Partnerships; appropriate risk allocation, type of agreements in the contract and guarantees from the governments affect the effectiveness of Public-Private Partnerships to a very great extent.

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The study concludes that technical know-how which is a function of education and experience has a positive and significant effect on the project effectiveness. The provision of employees with technical know-how by stakeholders is more likely to lead to the success of the project. Thus, the human resource represents possible areas where partnerships can enhance the overall project effectiveness by ensuring that the employees have the necessary skills desired.

The study concludes that to enhance PPPs financing, infrastructure partners should ensure that there are signed tender documents that procurement law should be applied on PPPs Project. Governance structures must include ground rules so the diverse individuals and organizations working together toward shared goals can reach an agreement on challenging issues.

5.4 Recommendations

5.4.1 Policy Makers in Government

The study recommends that the government should promote the public participation in Public-Private-Partnership projects, develop a strong and autonomous monitoring unit for the safeguarding of the project, ensure the proper distribution of the risk by including risk-management experts, include private partners from the beginning of the project and provide economic incentives. The government should also create a guarantee fund for infrastructure projects to supply with enough guarantees to mitigate risks such as economic or political during the lifetime of the project.

5.4.2 Private Sector Investors

The study recommends that the public and the private sector should put into practice approaches such as effective reward management systems intended to improve top manager's dedication to performing their duties as well as involving lower level employees in the implementation. The public and the private sector should embark on staff empowerment through building their capacity towards equipping them with necessary skills needed in implementing partnership between public and the private sector since it is a new concept.

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5.4.3 Stakeholders

The study recommends that there is need for stakeholders to provide employees with the needed technical know-how to lead the project to success. It is also important for partners to motivate the employees and make them feel appreciated and recognized. There is also need for employees to receive allowances from their partners.

5.4.4 Future Scholars and Academicians

The study recommends that a comparative study on factors influencing effective public private partnerships in Kenya. The study also recommend a thorough exploration of other factors influencing effective public private partnerships between public and the private sector since the current study indicated that legal framework, risk inherent project, technical know-how and government procurement bureaucracies explain 84.3% of variance in partnership between public and the private sector.

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APPENDICES

Appendix I: QUESTIONNAIRE

Please fill out the questionnaire on: THE FACTORS AFFECTING EFFECTIVE PUBLIC PRIVATE PARTNERSHIPS IN KENYA USING A CASE OF INDEPENDENT POWER PRODUCERS.

Kindly tick only one response.

SECTION A: GENERAL INFORMATION

1. What is your gender? Male [ ] Female [ ]
2. What is your highest level of education attained?

   Certificate [ ] Diploma [ ]

   Bachelors Degree [ ] Masters [ ]

   PhD [ ]
3. Please indicate the number of years you have worked in your organization?

   Below 1 year [ ] 1-2 years [ ]

   2-3 years [ ] 3 years and above [ ]
4. What is your position within this organization?

   Manager [ ] Project Officer [ ]

   Project Supervisor [ ]

SECTION A: LEGAL FRAMEWORK

5. Below are several statements on legal framework on effectiveness of PPPs in Kenya. Kindly indicate the extent to which you agree or disagree with these statements. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

STATEMENT	1	2	3	4	5
Public-private-partnerships are contractual arrangements between public sector organizations and private sector investors					
Such an arrangement occurs out of the realization that the public sector is facing challenges in its responsibility in the delivery of infrastructure projects and service provision of basic needs to the locals					

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Public-Private Partnerships are designed to enhance the mutual sharing of costs, risks and benefits of infrastructure projects					
Public-Private Partnerships provide one mechanism for achieving social goals					
The Public Procurement and Disposal Act (PPDA) or the (Public-Private Partnership) 2009 sets out the procedure for public procurement of goods and services					
The constitution helps in enforcing the effectiveness of Public-Private Partnership by giving direction on what procedures to be taken when an entity contracts for goods and service delivery					
The legal frameworks establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities					
The legal framework that govern the Public-Private Partnership ensures that such an arrangement is successful by increasing transparency and accountability					
Public-Private Partnership (PPP) projects are implemented based on environmental regulations and restrictions					

6. In general terms, to what extent has legal framework impacted on effectiveness of PPPs in Kenya?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

No extent [ ]

SECTION C: RISK INHERENT IN PROJECTS

7. Below are several statements on risk inherent in projects on effectiveness of PPPs in Kenya.Kindly indicate the extent to which you agree or disagree with these statements. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

STATEMENT	1	2	3	4	5
Public–private partnerships and the public accountability question, concluded that there are any major infrastructure projects have a history of problems that affect them					
Some of these problems include cost overruns, delays in completion, failed procurement process or interferences in the					

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procurement process or unavailability of private financing					
Most of projects when compared between the budget and the final costs, you will find that final costs are sometimes double or triple the original cost					
A key characteristic of PPP is the transfer of risk from the public sector to the private sector					
The risks relative to the infrastructure operation and service provision should be allocated to the private partner					
Transferring project risk from the government to the private sector should not affect the final cost of financing a project					
In transferring risks the government can spread risk across taxpayers in general					
A well-structured contract with a private partner can limit their risks and provide them with far more certainty					
Once the risk is spread evenly to all the concerned parties, it is going to reduce the burden of factoring the risk as a single entity thereby aiding in the focus of providing quality services					

8. In general terms, to what extent has risk inherent in projects impacted on effectiveness of PPPs in Kenya?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

No extent [ ]

SECTION D: TECHNICAL KNOW-HOW AMONG STAKEHOLDERS

9. Below are several statements on technical know-how among stakeholders on effectiveness of PPPs in Kenya.Kindly indicate the extent to which you agree or disagree with these statements. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

STATEMENT	1	2	3	4	5
Governments are often assumed to seek out private or non-profit alliances in an effort to access a wider range of resources and expertise					
The people with the skills and expertise knowledge are there but most governments are unable to compensate them					

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The government seeks partnership with the private sector and private investors in an effort to attract and retain these experts in their professional field.					
The concept of expertise entails involving people with the insights and skills needed, from both the private and public sectors, to accomplish the tasks of the partnership					
The type of expertise needed depends on the partnership mission, but may well include knowledge and skills in information technology, law, and management of public relations and internal partnership issues					
Expertise is often a chief motivating factor for the creation of a Public-Private Partnership (PPP).					
Sponsoring authority of Public-Private Partnership (PPPs) should appoint a project manager to oversee, support and take responsibility for the process.					
Supervision by the managerial support will lead to efficient delivery of services and effective implementation of the project					
Whenever the Public-Private Partnership engages technical consultants there is an improvement in quality of service delivery					
The project management support team when used at the outset of the process, their contributions and thoughts are a useful planning tool to ensure improved service delivery.					

10. In general terms, to what extent has technical know-how among stakeholders impacted on effectiveness of PPPs in Kenya?

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

SECTION E: GOVERNMENT PROCUREMENT BUREAUCRACIES

11. Below are several statements on government procurement bureaucracies on effectiveness of PPPs in Kenya. Kindly indicate the extent to which you agree or disagree with these statements. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

STATEMENT	1	2	3	4	5

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Governance refers to the processes in government actions and how things are done.					
Good governances involve key principles like participation, transparency, accountability, fairness and efficiency					
Public–Private partnership (PPP) is using financial reasons for greater efficiency and to create added value.					
Public procurement has, for long, been overshadowed with inefficiency, corruption and disregard of fundamental "value for money" considerations.					
Management in contracting authorities and seeking partnerships should ensure that there is an appropriate focus on good practice in purchasing and procedures are in place to ensure compliance with all relevant guidelines.					
Officials involved in procurement of the Public-Private Partnership (PPP) materials and resources must not make improper use of their position					
The Public-Private Partnership PPP legislation should not be prescriptive, but permissive focusing on achieving outcomes					
Successfully managing a partnership requires an effective governance structure.					
Effective governance structures define the various roles that partners will play and ensure that all partners understand and accept their roles					
Many partnerships create written plans that include the roles and responsibilities of each partner or use contracts or memoranda of understanding to define roles and responsibilities					
Governance structures must include ground rules so the diverse individuals and organizations working together toward shared goals can reach agreement on difficult issues.					
Mutually agreed-upon guidelines can prevent miscommunication and establish a process in which all partners participate effectively and are respected for their unique contributions					

12. In general terms, to what extent has government procurement bureaucracies impacted on effectiveness of PPPs in Kenya?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

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Little extent [ ]

No extent [ ]

SECTION F: EFFECTIVENESS OF PPPS IN KENYA

13. Below are several statements on effectiveness of PPPs in Kenya. Kindly indicate the extent to which you agree or disagree with these statements. Use a scale of 1-5 where 1= No extent, 2= little extent, 3=moderate extent, 4=great extent and 5=very great extent.

STATEMENT	1	2	3	4	5
Project is done within budget					
Ensure timeliness					
Benefits are shared					

THE END

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