

## **Influence of Government Financing on the Performance of TVET Institutions in Kenya**

*Mutembei Kigige<sup>1\*</sup>, Nancy Rintari<sup>1</sup>, Thomas Ongallo<sup>1</sup>*

<sup>1</sup>*Kenya Methodist University, P.O Box 267-60200, Meru, Kenya*

*\*Correspondence email: [kmutembei12@gmail.com](mailto:kmutembei12@gmail.com)*

### **Abstract**

In the pursuit of improved performance and sustainability, Technical and Vocational Education and Training (TVET) institutions in Kenya increasingly rely on public financing. Government funding plays a critical role in enabling TVET institutions to deliver quality training, enhance infrastructure, and support trainees' access through capitation and scholarships. Despite ongoing efforts to finance the TVET sector, disparities remain in funding, enrollment and completion rates, and the employability of graduates. This study aimed to investigate the effects of government financing on the performance of TVET institutions in Kenya. A descriptive survey research design was adopted. The main objective was to examine the influence of government financing on the performance of TVET institutions in Kenya. The study targeted TVET institutions within the Mount Kenya East region, and data were collected through a structured questionnaire administered to institutional administrators, teaching staff, and departmental heads. The analysis was conducted using SPSS Version 25, employing both descriptive and inferential statistics, as well as linear regression, to assess the impact of government financing on performance. The findings revealed that government financing significantly contributed to improving the performance of TVET institutions. The study underscores the importance of sufficient, timely, and well-targeted government financing in enhancing the operational effectiveness and performance of TVET institutions.

**Keywords:** *Government financing, TVET performance, institutional development*

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## **1.0 Introduction**

Globally, Technical and Vocational Education and Training (TVET) has been widely regarded as a key driver of social inclusion, economic progress, and poverty reduction (Gyimah, 2020). International agencies such as the International Labour Organization (ILO) and the United Nations Educational, Scientific, and Cultural Organization (UNESCO) have emphasized the importance of acquiring vocational skills to meet the dynamic demands of the global workforce. TVET is regarded as crucial for providing people with the skills needed in important industries, including manufacturing, services, ICT, and construction.

The TVET sector's crucial role in the economy extends across economies, especially in light of the Fourth Industrial Revolution and technological advances (McGrath et al., 2019). Employability and quality training outcomes are higher in countries with robust TVET financing models that include government assistance, donor funding, and self-generated income. These findings underscore the need for long-term funding for TVET education. However, inadequate and unstable funding often leaves many countries struggling to maintain TVET institutions (Hanni, 2019). Therefore, sufficient financing is crucial to ensure that TVET institutions provide high-quality training materials, up-to-date curricula, and well-equipped facilities (Mosalagae & Bekker, 2021).

### ***Review of Related Literature***

Government funding, donor funding, self-financing, and Public-Private Partnerships (PPPs) are key sources of funding that significantly affect the success of TVET institutions (Indiazi, 2023). Institutional

governance further influences the effectiveness of these financing schemes by moderating the relationship between funding and institutional outcomes. Globally, TVET institutions with adequate funding tend to have higher student enrollment, improved facilities, better training materials, and more employable graduates (Maina & Muathe, 2023). Sustainable finance solutions are a crucial area of study because TVET program development and quality in Africa have been hampered by insufficient and irregular funding. In Kenya, where TVET institutions are crucial in tackling unemployment and skills gaps, improving institutional performance requires strengthening financial plans and governance frameworks.

Government financing affects infrastructure development, teacher remuneration, and student support services. It will be evaluated based on budgetary allocation, finance distribution efficiency, and the adequacy of funds (Ngware et al., 2022). Strong government support in many developed nations ensures modern facilities and curricula that meet labor market demands. Unpredictable government funding frequently results in resource shortages and reduced institutional effectiveness across Africa, including Kenya's TVET industry.

The moderating effect of institutional governance will be assessed in terms of transparency, accountability, leadership effectiveness, and policy implementation. Governance frameworks shape how funding sources influence institutional performance (Ngware et al., 2022). In well-governed TVET institutions, financing leads to tangible improvements in infrastructure, training quality, and student outcomes. Awodiji and Magogodi (2023) further noted that the influence of financing is constrained by weak

institutional governance, leading to inefficiencies and the misallocation of funds. Although the TVET industry in Kenya has seen improvements in governance, issues with financial management and policy implementation persist (Okelo et al., 2021).

Financing sources and TVET performance have a complex relationship that varies across global, regional, and national contexts (Ngware et al., 2022). According to Amubi and Kipkirui (2023), for TVET to grow sustainably, financial resources, whether from the government, donors, self-financing, or PPPs, must be used effectively. This requires effective institutional governance to set the right policy direction and monitor progress. To increase TVET institutions' influence on job creation and skill development in Kenya, it would be essential to have in place effective financing strategies combined with robust governance frameworks (Ngware et al., 2022).

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

This study will be critical in providing practical recommendations for improving financing models for TVET institutions, benefiting all key stakeholders in the sector. For TVET management, the study will highlight the importance of various financing models and help them make informed decisions about budgeting and resource allocation.

## **2.0 Materials and Methods**

This study was conducted in the Mt. Kenya East TVET region, using a descriptive survey design to assess the impact of government funding on institutional performance. Data were collected from 297 academic and administrative staff using structured questionnaires, with a response rate of 94.6%. The government financing items had a

Cronbach's Alpha of .841, indicating good reliability. The study employed descriptive statistics, Pearson correlation, linear regression, and moderation analysis via hierarchical regression to test the moderating effect of institutional governance.

*“The study concluded that government financing is significantly associated with the performance of TVET institutions in Kenya”*

## **3.0 Results and Discussion**

This study targeted a sample of 314 respondents from both academic and administrative departments across TVET institutions in the Mt. Kenya East TVET region. Of the targeted sample, 297 responses were received, yielding a 94.6% response rate, which is considered highly satisfactory.

### ***Descriptive Analysis of Study Variables***

Government financing was examined through five core indicators: the adequacy of budgetary allocations, the timeliness and efficiency of fund disbursement, contributions to infrastructure development, support for staff remuneration and professional development, and the impact of government-sponsored scholarships and student support programs on enrollment. These dimensions were designed to show how government funding influences institutional performance, particularly in terms of financial stability, instructional quality, and student access.

Item one assessed whether the government's budgetary allocation to TVET institutions was sufficient to support their operational and

development needs. As shown in Table 1, more than half of the respondents agreed with the statement, with 30.3% agreeing and 25.6% strongly agreeing. In contrast, 32.0% disagreed, and 12.1% remained neutral. The mean score for this item was 3.35 (SD = 1.41), indicating an above-average score. These results suggest that, to a great extent, the government's budgetary allocation to TVET institutions was sufficient to support operational and development needs.

Regarding item two, which examined the timeliness and efficiency of government fund disbursements to TVET institutions, more than half of the participants (57.2%) agreed or strongly agreed that the disbursement process was effective, while 29.7% disagreed. A further 13.1% of the participants were neutral. The item yielded a mean score of 3.41 (SD = 1.33), reflecting a slightly above-average rating. These findings suggested that government fund disbursements to TVET institutions were, to a great extent, timely and efficient.

Regarding item three, which asked whether government funding had significantly contributed to infrastructure development such as classrooms, workshops, and training equipment, a strong majority (75.0%) agreed or strongly agreed with this statement, while only 15.5% expressed disagreement. The remaining 9.4% were neutral. The mean score was 3.84 (SD = 1.24), indicating a high level of agreement. These findings indicate that, to a great extent, government funds have contributed to the development of TVET infrastructure.

Item four asked whether the government provided adequate funding for instructor salaries and professional development to improve teaching quality in TVET institutions. The responses showed that 70.0% of the participants agreed or strongly agreed, while 23.3% disagreed and 6.7% remained neutral. The mean score was 3.69 (SD = 1.33), indicating a high level of agreement. These results suggested that, to a large extent, the government provides support for instructor salaries and professional development.

Item five assessed the impact of government-financed scholarships and student support programs on enrollment and retention. A combined 71.1% of respondents agreed or strongly agreed with the statement, while 20.8% disagreed. A further 8.1% were neutral. The item recorded a mean score of 3.73 (SD = 1.28), indicating a high level of agreement. These findings suggest that, to a large extent, government scholarships and student support programs contributed to higher enrollment and retention rates. Government funding, especially scholarships and student loans, played a crucial role in boosting enrollment at TVET institutions. According to Mugalo (2022), the absence of such support mechanisms, including HELB loans and bursaries, adversely affects student enrollment rates.

In summary, the findings showed that government financing played a significant role in improving infrastructure, supporting staff, and enhancing student retention at TVET institutions.

**Table 1**  
*Distribution of Responses on Government Financing*

	SD		D		N		A		SA		Mean	SD
Government Financing	N	%	N	%	N	%	N	%	N	%		
The government’s budgetary allocation to TVET institutions is sufficient to support their operational and development needs.	44	14.8	51	17.2	36	12.1	90	30.3	76	25.6	3.35	1.41
Government disbursement of funds to TVET institutions is timely and efficient, ensuring smooth institutional operations.	32	10.8	56	18.9	39	13.1	98	33	72	24.2	3.41	1.33
Government funding has significantly contributed to infrastructure development at TVET institutions, including the construction of modern classrooms, workshops, and equipment.	29	9.8	17	5.7	28	9.4	121	40.7	102	34.3	3.84	1.24
The government provides adequate funding for instructor salaries and professional training, thereby improving teaching quality in TVET institutions.	32	10.8	37	12.5	20	6.7	110	37	98	33	3.69	1.33
Government-financed scholarships and student support programs have increased student enrollment and retention in TVET institutions.	28	9.4	34	11.4	24	8.1	116	39.1	95	32	3.73	1.28

Respondents were further asked to state their opinions on how the government can improve its financing strategies to enhance the performance of TVET institutions. Responses were analyzed thematically to identify patterns in phrases, then categorized into five themes. The five themes were: Increase Overall Budgetary Allocation to TVET, Timely and Efficient Disbursement of Funds, Expansion and Equity of Student Financing Mechanisms, Recruitment and Retention of Qualified Trainers, and Fulfill Government Obligations and Funding Commitments.

A majority of respondents emphasized the need for the government to increase the overall budgetary allocation to TVET institutions. This included suggestions to increase funding for infrastructure development, acquire modern training equipment, and build instructors' capacity. Respondents noted that institutions' needs are growing and that increased allocations

would help bridge funding gaps, expand access, and improve the quality of training across the sector.

Another recurring theme was the need for timely and efficient disbursement of funds. Respondents noted that even when funds are allocated, delays in disbursement significantly disrupt operations, limit procurement activities, and delay the implementation of institutional programs. Timely release of funds would ensure stable operations and effective planning within the institutions.

Most respondents also emphasized the importance of expanding financial support for students. Many advocated increased capitations, expanded scholarship schemes, more bursaries, and improved allocation of loans and grants. Respondents indicated that these measures would reduce the financial burden on students, improve enrollment and retention rates, and promote

equitable access to technical and vocational training.

Respondents also noted the need to recruit adequate and qualified trainers. A key recommendation was for the government to enhance the instructor-to-learner ratio in TVET institutions by recruiting more trainers to address staff shortages and alleviate the workload on existing personnel. They believed that hiring more trainers would enhance instructional quality and support the effective delivery of competency-based curricula.

Some respondents emphasized the importance of the government fulfilling its obligations and maintaining consistent funding commitments. They noted that when the government fails to meet its financial commitments, it disrupts

institutional operations and undermines confidence in public financing systems.

***Hypothesis Testing***

To assess the predictive effect of government financing on financial outcomes, a simple linear regression was conducted. The findings are summarized in Tables 2, 3, and 4.

***Model Summary for Government Financing***

An R value of .799 indicates a strong correlation between government financing and performance. The R<sup>2</sup> statistic measures the extent to which the model explains variability in the dependent variable (performance). The results show that 63.8% of the variation in performance is explained by government financing.

**Table 2**

*Model Summary for Government Financing*

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.799 <sup>a</sup>	.638	.637	1.77995

- a. Predictor: Government Financing
- b. Dependent Variable: Performance of TVET institutions

***ANOVA for government financing***

The ANOVA table evaluates the overall significance of the model in predicting the dependent variable (Performance). The results indicate that the model is statistically significant,  $F(1, 295) = 520.286, p < .001$ . This led to

rejecting the null hypothesis of no relationship between government financing and performance. Therefore, the alternative hypothesis, which suggests a statistically significant relationship between government financing and performance, was accepted.

**Table 3**

*ANOVA for Government Financing*

Model		Sum of Squares	df	Mean Square	F	P-Value
1	Regression	1648.375	1	1648.375	520.286	.000 <sup>b</sup>
	Residual	934.621	295	3.168		
	Total	2582.997	296			

- a. Predictor: Government Financing
- b. Dependent Variable: Performance of TVET institutions

**Regression Coefficients for Government Financing**

The coefficients table, which provides insights into the predictor variable's contribution to the model, is shown below. The p-value, which is < .001, indicates that government financing significantly influences the model. The relationship between government financing and institutional performance can be expressed by the regression equation described below.

$$Y = b_0 + b_1X$$

Where,

**Table 4**  
*Relationship between performance and Government Financing*

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	P-Value
1 (Constant)	3.596	.597		6.026	.000
Government financing	.789	.035	.799	22.810	.000

- a. Predictor: Government Financing
- b. Dependent Variable: Performance of TVET institutions

**Government Financing and Performance Correlation**

A Pearson correlation analysis was conducted to examine the relationship between government

Y represents performance, and X represents government financing

Substituting the actual coefficients into the equation yields the predictive model.

$$= 3.596 + (0.789 * \text{government financing})$$

The regression model was statistically significant,  $F(1, 295) = 520.286$ ,  $p < .001$ , and explained 63.8% of the variance in performance ( $R^2 = .638$ ). The results further confirmed that government financing was a significant predictor of performance ( $B = 0.789$ ,  $p < .001$ ).

financing and institutional performance. The results revealed a strong positive correlation, with Pearson's  $r = .799$  ( $p < .001$ ), indicating a statistically significant association. Detailed results are presented in Table 5.

**Table 5**  
*Government Financing and Performance Correlation*

		Performance of TVET Institutions	
		Government Financing	
Performance of TVET Institutions	Pearson Correlation	1	.799
	P-Value		.000
	N	297	297
Government Financing	Pearson Correlation	.799	
	P-Value	.000	
	N	297	297

- a. Predictor: Government Financing
- b. Dependent Variable: Performance of TVET institutions

***Moderating Effect of Institutional Governance on the Relationship between Government Financing and the Performance of TVET Institutions in Kenya***

To test the null hypothesis that governance does not significantly moderate the association between government financing and TVET institutional performance in Kenya, the study employed the moderation procedure outlined by Baron and Kenny (1986). This widely accepted method uses a series of hierarchical regression analyses to determine whether the interaction between the independent variable (government financing) and the moderator (institutional governance) significantly predicts the dependent variable (TVET performance). First, government financing and governance were each mean-centered to reduce multicollinearity. Second, an interaction variable was computed as the product of the centered variables. The final regression

model included the centered predictor variables, the dependent variable, and the interaction term to assess the moderation effect. A significant interaction term would indicate that governance moderates the effect of government financing on performance.

***Model Summary for the Moderation Effect of Governance***

The model summary indicates a strong relationship between the predictor variables (government financing, institutional governance, and their interaction) and TVET institutions' performance, as indicated by an R value of .834. The R<sup>2</sup> value of .696 indicates that these variables collectively explain 69.6% of the variance in institutional performance. The adjusted R Square of .693 confirms that the model remains a strong fit even after accounting for the number of predictors.

**Table 6**

*Model Summary for the Moderation Regression Model*

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.834 <sup>a</sup>	.696	.693	1.63622

a. Predictors: (Constant), Interaction (Government Financing & Institutional Governance Centered), Government Financing Centered, Institutional Governance (Centered)

b. Dependent Variable: Performance of TVET Institutions

***ANOVA Summary for the Moderation Model Involving Government Financing and Institutional Governance***

The ANOVA table shows that the regression model, including government financing, institutional governance, and their interaction

term, significantly predicts TVET institutions' performance ( $F(3, 293) = 223.935, p < 0.001$ ). This indicates that the combined set of predictors in this model explains a statistically significant proportion of the variance in institutional performance.

**Table 7**

*ANOVA Summary for the Moderation Regression Model*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1798.571	3	599.524	223.935	.000 <sup>b</sup>
	Residual	784.426	293	2.677		
	Total	2582.997	296			

a. Dependent Variable: Performance of TVET Institutions

b. Predictors: (Constant), Interaction (Government Financing & Institutional Governance Centered), Government Financing (Centered), Institutional Governance (Centered)

**Regression Coefficients of the Moderated Model**

Table 8 presents the regression coefficients used to assess the moderating effect of institutional governance on the association between government financing and TVET institutions' performance. The results show that government financing (centered) significantly predicts

institutional performance (B = 0.306, p = .043), indicating that, on its own, government financing has a positive effect on performance. Additionally, institutional governance (centered) has a statistically significant positive influence (B = 0.503, p = .001), indicating that stronger governance is associated with improved institutional outcomes.

**Table 8**  
*Regression Coefficients of the Moderated Model*

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	17.171	.118		145.692	.000
Government Financing (Centered)	.306	.150	.306	2.036	.043
Institutional Governance (Centered)	.503	.144	.527	3.503	.001
Interaction (Government Financing & Institutional Governance Centered)	-.019	.008	-.078	-2.407	.017

a. Dependent Variable: Performance of TVET Institutions

**4.0 Conclusion**

The study concluded that government financing is significantly associated with the performance of TVET institutions in Kenya. Adequate and timely government financing contributes to improved infrastructure, enhanced staff support, and increased student enrollment and retention. TVET institutions that receive consistent and sufficient government funding are more likely to achieve better performance outcomes by

strengthening operational stability, expanding access to training opportunities, and supporting the delivery of quality education. The study further established that institutional governance significantly moderates this relationship, suggesting that stronger governance practices can influence the extent to which government

financing translates into improved institutional performance.

**5.0 Recommendations**

Based on the study results, the government is advised to increase and consistently disburse adequate financial resources to TVET institutions in a timely and efficient manner. Enhanced funding should prioritize infrastructure development, training equipment, instructor recruitment and professional development, and the expansion of student support programs, such as scholarships and bursaries. Additionally, strengthening institutional governance structures is essential to ensure transparency, accountability, and optimal use of government funds, thereby maximizing the positive impact of financing on institutional performance.

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