

# MIDLANDS STATE UNIVERSITY



## FACULTY OF COMMERCE

### DEPARTMENT OF ACCOUNTING

**AN EXPLORATION OF FUNDING GAP ON CAPITAL PROJECTS IN  
STATE UNIVERSITIES. CASE OF MIDLANDS STATE UNIVERSITY**

**BY**

**NTOMBIZODWA MAKAZA**

**REGISTRATION NUMBER**

**R0643641**

*This dissertation is submitted in partial fulfilment of the requirements of the Bachelor of Commerce Accounting Honours Degree in the Department of Accounting, Faculty of commerce at Midlands State University.*

**Gweru, Zimbabwe, October 2014**

# MIDLANDS STATE UNIVERSITY

P.BAG 9055

Tel: (263)54 260404/2560337

Gweru Zimbabwe

Fax: (263)54 260233/260311

## FACULTY OF COMMERCE DEPARTMENT OF ACCOUNTING

<b>RELEASE FORM</b>
---------------------

NAME OF STUDENT	NTOMBIZODWA MAKAZA
DISSERTATION TITLE	An exploration of funding gap on capital projects in state universities. A case study of Midlands State University.
DEGREE TITLE	Bachelor of Commerce Accounting Honours Degree
PERMANENT ADDRESS	House No 82 Woodlands Park Gweru Zimbabwe
CONTACT DETAILS	+263 772 968 299
YEAR OF AWARD	2014

Authorisation is hereby granted to Midland State University to produce single copy for private and scholarly purposes only. The author reserves other publication rights. Neither this dissertation nor extensive extracts from it may be printed or reproduced without the author's written permission.

SIGNED: .....

DATE .....

# MIDLANDS STATE UNIVERSITY

P.BAG 9055

Tel: (263)54 260404/2560337

Gweru

Fax: (263)54 260233/260311

Zimbabwe

## FACULTY OF COMMERCE

### DEPARTMENT OF ACCOUNTING

---

#### APPROVAL FORM

---

The undersigned certify that they have supervised the student Ntombizodwa Makaza's dissertation entitled, **an exploration of funding gap on capital projects in state universities. A case study of Midlands State University**, submitted in partial fulfilment of the requirements of the Bachelor of Commerce Accounting Honours Degree at Midlands state University.

.....

.....

SUPERVISOR

DATE

.....

.....

CHAIRPERSON

DATE

.....

.....

EXTERNAL EXAMINER

DATE

---

## DEDICATIONS

---

This credit is dedicated to my family and friends for their support, prayers, sacrifices and encouragements. Special dedication goes to my husband, thank you so much for being there for me, I love you.

---

## ACKNOWLEDGEMENT

---

I would like to acknowledge the support of several individuals who provided help, support, and encouragement, enabling me to complete my dissertation. In particular, I would like to acknowledge the contribution of my supervisor, Miss L Nyamwanza who guided and encouraged me from the start and all the way through my dissertation. I would like to thank her for her constructive criticisms. Special thanks also go to MSU for granting me the opportunity to learn. I am indebted to the interviews and respondents who spared their time despite their busy schedules to assist me with this research. To Mr Chigwaza, Mr Japu, Mr Zvidzai and Mrs Chigwaza thank you so much. Special thanks go to my friends, Charity, Wicho and Nongerai for their love and support. The research would have been incomplete and invalid without their efforts.

---

## ABSTRACT

---

The aim of the study is to evaluate the effect of the funding gap on capital projects in state universities. The researcher was mainly focusing on the situation at MSU. The researcher used mixed research methodology which involves qualitative and quantitative methods in data gathering. Research information was gathered using questionnaire and interviews. Results indicated that funding gap do exists in state universities especial those in developing countries. At Midlands State University it was discovered that the major cause of funding gap are government budget deficit and the unstable political environment that is prevailing in the country. It was also discovered because of funding gap the university is failing to complete its capital projects on time which has a repercussion effects on students accommodation and lecture rooms. Therefore the researcher is recommending the university to venture into public-private partnerships and also introduce building levy and sports levy.

---

## TABLE OF CONTENTS

---

<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>Page number</b>
	<b>PRELIMINARY CONTENTS</b>	
	Release form	I
	Approval form	ii
	Dedication	iii
	Acknowledgements	iv
	Abstract	v
	Table of contents	vi
	List of tables	iv
	List of figures	x
	List of appendices	xi
	<b>CHAPTER 1</b>	
1.0	Introduction	1
1.1	Background to the study	1
1.2	Statement of the problem	4
1.3	Main research question	4
1.4	Research Objectives	4
1.5	Sub-research questions	5
1.6	Significance of study	5
1.7	Limitation of the Study	5
1.8	Delimitation of study	5
1.9	Definition of key terms	6
1.10	Summary of the study	6

<b>2</b>	<b>CHAPTER 2: LITERATURE REVIEW</b>	
2.0	Introduction	7
2.1	Effects of funding gap	7
2.1.1	Incompletion of projects	9
2.1.2	Construction of temporary structures	10
2.1.3	Insufficient lecture rooms and student accommodation	11
2.2	The causes of funding gap	13
2.2.1	Political issues	13
2.2.2	Government budget deficit	14
2.3	Funding options	16
2.3.1	Public private partnerships	17
2.3.2	Donations and fundraising activities	18
2.3.4	Tuition fee financing	20
2.4	Challenges of implementing funding options	21
2.4.1	Political environment and complexity of PPP	21
2.4.2	Donations are not reliable	21
2.5	Best practice funding options	23
2.6	Chapter summary	24
<b>3</b>	<b>CHAPTER 3: RESEARCH METHODOLOGY</b>	<b>25</b>
3.0	Introduction	25
3.1	Research design	25
3.1.2	Descriptive research	26
3.2	Population sample and sampling techniques	26
3.2.1	population	26

3.2.2	Sample size	26
3.2.3	Sampling techniques	28
3.3	Sources of data	28
3.3.1	Primary data sources	28
3.3.2	Secondary data sources	29
3.4	Research instruments	29
3.4.1	Questionnaires	29
3.4.2	Interviews	30
3.5	Reliability and validity	31
3.5.1	Reliability	31
3.5.2	Validity	32
3.6	Data presentation and analysis	32
3.7	Chapter summary	33
<b>4</b>	<b>CHAPTER 4: DATA PRESENTATION</b>	
4.0	Introduction	34
4.1	Analysis of questionnaire and response rate	34
4.1.1	Effects of funding gap	36
4.1.1.1	Incompletion of structures	36
4.1.1.2	Construction of temporary structures	37
4.1.1.3	Insufficient lecture rooms and accommodation	38
4.1.2	Causes of funding gap	40
4.1.2.1	Political factors	40
4.1.2.2	Government budget deficit	41
4.1.3	Funding options	42

4.1.3.1	Public private partnership	43
4.1.3.2	Donations and fundraising	44
4.1.3.3	Debt financing	44
4.1.3.4	Tuition fees	45
4.1.4	Challenges of implementing funding options	46
4.1.4.1	Political environment	46
4.1.4.2	Reliability of donations	47
4.1.4.3	Poorly designed projects	48
4.1.4.4	Increase in tuition fees causes dropouts	49
4.2	Analysis of interviews and response rate	50
4.2.1	Effects of funding gap	50
4.2.2	Causes of funding gap	50
4.2.3	Funding options	51
4.2.4	Challenges of implementing	52
4.3	Best practices	53
<b>5</b>	<b>CHAPTER 5: SUMMARY AND RECOMMENDATIONS</b>	
5.0	Chapter Introduction	57
5.1	Executive summary	57
5.2	Main research findings	59
5.3	Conclusion	60
5.4	Recommendations	60
5.5	Area of further studies	61
5.6	Chapter summary	61
	<b>REFERENCES</b>	62



---

**LIST OF TABLES**

---

<b>TABLE</b>	<b>LIST OF TABLES</b>	<b>Page number</b>
1.1	Funding of capital projects	2
1.2	Capacity of hostels	3
3.1	Targeted population sample	27
3.2	Likert scale	30
4.1	Questionnaire response rate	35
4.2	Questions on Funding options responses	43

---

## LIST OF FIGURES

---

<b>FIG</b>	<b>LIST OF FIGURES</b>	<b>Page number</b>
4.1.1	Completion of projects	36
4.1.2	Construction of temporary structures	37
4.1.3	Shortages of learning facilities	39
4.1.4	Political factors	40
4.1.5	Government budget deficit	41
4.1.6	Funding options	42
4.1.7	Challenges of Public Private Partnership	46
4.1.8	Complexity of donations	47
4.1.9	Design of projects	48
4.1.10	Increase in tuition fees	49
4.1.11	Best funding option	54

---

## APPENDIX

---

<b>APPENDIX</b>	<b>LIST OF APPENDICES</b>	<b>Page number</b>
A	Request for permission	71
B	Letter of introduction	72
C	Questionnaire	73
D	Interview Guide	77

## Chapter 1

### **1.0 Introduction**

This chapter introduces the research topic; discuss the background of the study, statement of the problem, the researcher's objectives, delimitations and constraints encountered by the researcher

### **1.1 Background**

Midlands State University enrolls between 2800-3000 students per semesters. The rate at which the university enrolls its students does not commensurate with the available structures, (Council meeting 12 August 2012). The university is aiming at building hostel for student accommodation, libraries and learning facilities. According to the Public Financial Management Act of Zimbabwe (2009), universities in Zimbabwe are being funded by government on capital projects. Government has been the source of both recurrent and capital expenditure but due to liquidity problems a constrained fiscal space, the funding for capital projects has stalled. Priority has therefore been placed on infrastructures that have an immediate impact on the nation. (ZIMASSET 2013).

According to Kachoka (2009) the quality of services in most university libraries in developing countries has been poor since the 1980s. A good example is that of universities in Nigeria. Funding of Nigerian Universities is imperative because of the costs involved in maintaining institutions. In support of this, Parson (2004) observed that the continuing cost of governance is ascribed to increasing higher educational bills of many countries of the world especially the developing countries coupled with growing overhead costs. Ekundayo (2006) argued that the Nigerian government over the years has not met the United Nations Educational Scientific and Cultural Organisation recommendation of 26% of the total budget

allocation to education sector despite the government hoax claim of heavy budget allotted to higher education on yearly basis.

Kalama et al (2012) found that excessive spending on recurrent expenditure such as the huge legislator’s jumbo pay and servicing of domestic debts spent on over heads have contributed to the neglect of the higher education and other critical sectors of the economy which has equally affected the cost of governance in Nigeria. Burk (2013) noted that the Zimbabwean universities require substantial amount of funding teaching and laboratory space, administration offices, student accommodation and research facilities. Howe ever government funding has not been forthcoming and table1.1 shows the areas to MSU.

**Table 1.1 Funding of capital grant**

Year	Budgeted Grant	Actual Grant Received	Gap
2011	\$3 303 000.00	\$4 045 429.00	\$ 742 429.00
2012	\$2 795 000.00	\$1 432 536.00	(\$1 362 464.00)
2013	\$6 727 000.00	\$ 453 294.00	(\$6 273 706.00)
Total	\$12 825 000.00	\$5 931 259.00	(\$6 893 741.00)

**Source: MSU Management Accounts 2011-2013**

Table 1.1 above shows budgeted grants allocated to MSU for projects. In 2011 the allocated grant was \$3 303 000.00 and actually received \$4 045 429.00 and this left a funding gap of about \$742 429.00. This is where construction of projects started. In 2012 and 2013 the allocated grant amounted to \$9 522 000.00 but received \$1 885 830.00 which is 19.8% of the allocated budget. The funding gap for 2012 and 2013 amounted to \$7 636 170.00 which means 80.2% of the allocated amount was not received which has a bearing on the completion of the projects. Overall from 2011 to 2013 the university received a total of \$5

931 259.00 from the \$12 825 000.00 which was the total allocated grant leaving a total funding gap of about \$6 893 741.00. From the above findings it can be concluded the government is failing to fund even half of the capital projects at MSU.

Oguntoye (2000) noted that the phenomenal expansion in the number of students enrolled in Higher Education Institutions has not been matched by expansions in government funding that has impacted on the quality of higher education in Nigeria. This has been supported by Otichilo (2014) who noted that Republic of Kenya universities are also experiencing lack of accommodation and libraries which threatens the quality of education. Mutula (2002) postulates that, public universities in Kenya are not getting any funding from government therefore, the universities must diversify their strategies of income generation into areas that they have not yet explored.

According to Biti national budget (2013) there has been infrastructure decay nationally due to the absence of revenue in supporting infrastructure. (Deloitte 2012) noted that the funding gap existence is evident when they are congested hostels and administration offices. This is an evident scenario at MSU as shown in table 1.2 below.

**Table 1.2 Capacity of lecture rooms and hostels**

Structures	Available Capacity	No of students	Gap
Hostels	3723	16 101	12 378
Computer Lab	686	16 101	15 415
Main library	141	16 101	15 859

**Source: Internal Audit Report 2013**

The above table 1.2 shows that of the 16 101 students the university has, available hostels can only accommodate 3723 students and leaves a gap of about 12 378 which is 76.8% of the university students. Computer laboratory accommodates 686 and gap of 15 415 which is 95.7% of the students. The main library caters for 141 students leaving a gap of 15 859 which is 99.1% of the students.

## **1.2 Statement of the problem**

Midlands state university has limited financial resources to undertake capital projects such as building hostels, computer labs and a new main library unless it get external assistance. State universities are being funded by government for capital expenditure and recurrent expenditure. This trend is common in most state universities and also in other countries like Nigeria and Kenya. The challenge is on finding ways of raising funds to finance these projects. This has prompted researcher to investigate the impact of the funding gap on capital projects at the university.

## **1.3 Research question**

An exploration of funding gap on capital projects in state universities, Case of Midlands State University?

## **1.4 Research objectives.**

- To evaluate the effects of funding gap at MSU
- To establish the causes of funding gap at MSU
- To find options of financing capital projects at state universities
- To assess the challenges of the funding options
- To establish best funding options

### **1.5 Sub Research questions**

- What are the effects of funding gap at MSU?
- What causes the funding gap on capital projects?
- What are the options which can finance capital projects?
- What are the challenges of the funding options established?
- What are the best funding options?

### **1.6 Significant of the study**

#### **To student**

The partial fulfilment of the bachelor of commerce Accounting honors Degree.

#### **To MSU**

The research will be of paramount importance to the university since it will be used by other students in carrying out their research.

### **1.7 Delimitations of the study**

- The research centred on the impact of the funding gap on undertaking Capital projects
- The research study was only confined to MSU
- The research covered the period between the year 2011-2013

### **1.8 Limitations of the study**

- The questionnaires may take too long to respond due to busy work schedules
- For reasons of confidentiality, respondents may not be willing to release some of the information asked.

- Unavailability of other necessary resources such as reference books and money for other expenses may undermine the quality of the research project.
- Limited time since the researcher is a full time employee and has a fracture on the right clavicle

### 1.9 Definition of terms

- **Funding Gap** The amount of money needed to fund the ongoing operations or future development of a business or project that is not currently provided by cash, equity or debt.
- **Capital projects** Long-term investment project requiring relatively large sums to acquire, develop, improve, and/or maintain a capital asset (such as land, buildings, dykes, roads).

M.S.U                      Midlands State University

P.P.P                        Public Private Partnership

ZIMASSET                Zimbabwe Agenda for Sustainable Socio-Economic Transformation

### 1.10 Summary

This chapter looked at the research question and highlighted the background to the problem of auditor independence. It also looked on what the research seeks to achieve. The limitations or the constraints of the research which might compromise the quality of the research have been identified and the will do her best to overcome them if possible.

## **Chapter 2**

### **Literature review**

#### **2.0 Introduction**

The chapter reviews literature written by other authors in relation to funding gap of capital projects and analysing arguments and evidence on the subjects matter. It covers an evaluation of effects of funding gap, challenges which can be faced in sourcing capital funding, find alternative methods to source funds and how other universities dealt with funding gap problem.

#### **2.1 To evaluate the current effects of funding gap**

Funding gap has profound effects on capital projects in state universities in many African countries including Zimbabwe. This was supported by most African scholars who researched on that. Ferdinal (2013), Tunde (2013) and Okebuka (2009) all agree that funding gap is posing negative effects on capital projects in most state universities in Africa even in the whole world at large. According to Ferdinal (2013) funding gap is causing dramatic effect on universities as they face impossible decisions regarding administration offices, libraries, technical resources and accommodation. This was supported by Tunde (2013) who postulated that the insufficient learning facilities affect the quality of education in universities which can only be improved when there are enough libraries and learning facilities. Adding on to that Okebuka (2002) postulates that Nigeria used to be the best and in the forefront in the sub Sahara Africa from 1960 to the late 80s in terms of quality and quantity of research output, however the trend is said to have changed and it required a cooperative effort of all stake

holders to mark a new dawn through improvement of university education. These scholars were also supported by so many other African researchers like Kalama et al (2012), Mayekar (2013), Stone (2004) and Rioja (2003). According to Kalama et al (2012) excessive increase in recurrent expenses neglected the education funding in Nigeria hence an increase in shortfalls in capital projects. Moreover, Mayekar (2013) add on that saying poor leaning facilities will results in seeking accommodation where there is no enough security which results in students being sexually harassed and abused. Stone (2004) also highlighted that because of poor funding universities are ending up increasing tuition fees for them to raise funds for capital projects and this have a direct effect to students since some of them will end failing to pay the fees and some may drop out as a result. Rioja (2003) also supported this saying maintenance of existing structures like roads has been neglected in developing countries while concentrating in new projects which also take time to complete. However, Gahuchi, Izangure etal (2011) and Reymond (2012) strongly argued with what most scholars believe to be the effects of funding gap however their arguments are basing on what is happening in developed countries. According to Izangure etal (2011) in developed countries state universities do not experience funding gap on capital projects since they get their full grants from the government and the quality of education in those countries cannot be linked to capital projects. This was supported by Reymods (2012) who noted that the quality of education has improved in developed countries as compared to previous decade. Adding on that Kanyongo (2005) also highlighted that in developed countries government does not focus on the quality of education but the number of students being enrolled. Gachuhi (2008) stated that quality of education is affected by lack of students commitment and unqualified lecturers since most qualified lecturers are moving to other countries where there are attractive remunerations. Gachuhi's argument is supported by Chivore (2007) who stated that quality of

education in most developing nations has been compromised because of the failure by the government to pay civil servants salaries above poverty datum line.

The above arguments can be line with what is in internal Audit Report 2013 of Midlands State University which clearly shows that the available learning facilities at the universities do not commensurate with the number of students enrolled. The report indicated that available accommodation can only accommodate 3723 students where as the number of students who need accommodation amounts to 16 101. This situation is also the same with the computer laboratory and the main library as well as lecture rooms. This can be supported by the arguments of Ferdinal (2013) who postulates that funding gap is causing dramatic effect on universities as they face impossible decisions regarding administration offices, libraries, technical resources and accommodation.

#### **2.1.1 Incompletion of projects**

The issue of projects not being completed on time is one of the major effects of funding gap in state universities. Scholars like Estache (2008), Tunde (2013) and Mayekar (2013) strongly agreed that failure to complete capital project on time by state universities is only because of the funding gap. According to Estache (2008) delaying in infrastructure completion in state universities is normally caused by insufficient funding of capital project by the government. Estache further highlighted that, some structure stretch up to 15 years still under construction due to finding problems in developing countries. This was supported by Tunde (2013) who noted that Nigerian library took 14 years to be constructed even though it was indicated on the proposed plan that the structure should be constructed with a period of one year four months. Furthermore Mayekar (2013) also stated that the Kenyeen public infrastructures are taking too long to be completed because they are only funded by government which is currently facing budget deficits. In addition to this Fay (2008) noted that projects most

developing countries are taking too long to be completed because of poor budgeting and planning techniques by the responsible authorities within the government. So there are no authors who argued about this assertion since all capital projects in state universities are being funded by the government. However, state universities can only supplement on critical areas where immediate attention may be needed.

The above scenario can be evidenced with what is happening at MSU. According to Midlands State University Strategic Document (2011), Midlands's state university took 11 years to build its new administration block. The reason behind was that out of the allocated budget for the project only a fraction was received in time. This is supported by Tunde (2013) who stated that Nigerian library took 14 years to be constructed even though it was indicated on the proposed plan that the structure should be constructed with a period of one year four months. Estache (2008) also supported this saying delaying in infrastructure completion in state universities is normally caused by insufficient funding of capital project by the government and also highlighted that some structures stretch up to 15 years still under construction.

### **2.1.2 Construction of temporary structures**

Funding gap in most African state universities is now causing universities to construct temporary structures instead of permanent ones. This was supported by scholars like Namasivayai (2011) and Bonser (2006). According to Namasivayai (2011) fabricated materials which were initially meant for internal use for partitioning is now being used as major building material to construct structures meant for permanent use in Africa. These pre fabricated materials are not strong enough to build permanent structures. Bonser (2006) also added on to that saying fabricated materials are being used to build libraries, extension of structures and construction of structures meant for students accommodation. Bonser also

noted that the reason behind the use of pre fabricated materials is because they are cheap to access and readily available. However Goodrun (2009) and The Construction Industry Institute (2010) differ with arguments of Bonser and Namasivayani. According to The Construction Industry Institute (2010) Pre-fabricated materials allows assembling of components off site while other job like construction of foundations is being done and they also reduce requirements for material storage. This was also supported by Goodrum (2009) also noted that construction of structure using pre-fabricated material is not because of insufficient funding but it because it is cheap and it improves productivity.

The case of MSU is a good example which can be related to the construction of temporary building. Midlands state university has now engaged the Chines to construct students hostel. It is known that the Chines use cheap materials which are affordable. The university is also using dual whole panels to construct offices. Dual panels are cheap to access and it does not take time to complete the structure when using these panels. This can be supported by the arguments of Namasivayai (2011) who stated that fabricated materials which were initially meant for internal use for partitioning is now being used as major building material to construct structures meant for permanent use in Africa

#### **2.1.4 Lack of student accommodation and lecture room**

The problem of lecture rooms and students hostel at state universities is one of the effects of funding gap which may need attention. A number of scholars have supported the view that most African universities enrol students which does commensurate with the available learning facilities and accommodation which may results in other lectures being conducted under trees and students seeking accommodation where there is no security. Scholars like Otichilo (2014), Buck (2013), Deloitte (2012) and Muchena (2014) supported this argument.

According to Otichilo (2014) lack of accommodation and libraries at state universities in Kenya is a major problem which threatens the quality of education. The Government of Kenya is failing to fund the state universities which result in the shortages of student facilities for example libraries, lecture rooms and hostels for accommodation. This was also supported by Burk (2013) when he noted that the Zimbabwean universities require substantial amount of funding teaching and laboratory space, administration offices, student accommodation and research facilities. Burk also noted that because of lack of students accommodation within the university compass students are seeking accommodation surrounding areas where there is no security and rentals are too high. This was also supported by Minister of higher and tertiary education Muchena (2014) who highlighted that universities in Zimbabwe are not getting enough funding from government to construct student hostels and learning facilities. In addition to that Deloitte (2012) noted that the existence of funding gap in state universities is evidenced by congested hostels and administration offices. However according to Cohen (2006) increase in numbers for students enrolled by state universities has caused accommodation and lecture rooms problem and not funding gap since in private institutions where there is no mass recruitment they are not experiencing the same problem. Davies (2009) also highlighted that the reason why universities are experiencing accommodation problems is not because of insufficient funding but it is because of the preferences that they give to projects like the construction of lecture rooms and libraries at the expense of residential facilities for students. This can be supported by Abaya (2009) who postulates that success of education system lies in the premises where students attain benchmarks and not where they stay. McGrath (2011) also add on this saying students has the right to chose where they want to stay as long as it is in the locality to the university and that is why universities are not prioritising construction of students hostels. Furthermore McGrath stated that accommodating students within the campus result in noise from unspecified sources.

The case of MSU is also applicable to this. Midlands state university is one of the universities in Zimbabwe which is failing to accommodate its students. Because of that most students are ending up securing accommodation in the nearby residential areas where there is no security and some of them are ending up being sexually harassed and abused. As way to try and ease the problem of lecture rooms some of the houses where meant for staff accommodation have been turned into lecture rooms and some lecturers are found conducting their lectures in garages. This is in accordance with what was said by Burk (2013) when he noted that the Zimbabwean universities require substantial amount of funding teaching and laboratory space, administration offices, student accommodation and research facilities.

## **2.2 To explore the causes of funding gap**

Many universities in Africa are experiencing funding gap in state universities and causes to that seems to fall within the same channel. Issues to do with politics and government budget deficit are the major causes of funding gap in most developing countries

### **2.2.1 Political issues**

Many scholars agree that political issue are major causes of funding gap within the state universities. Scholars like Tandberg (2008), Lowry (2010), Peterson (2008) and Webb (2012) all agree that unstable political environment cause funding gap in the country where the investors will be feeling insecure to invest their money in such countries. According to Tanberg (2008) higher education has been funded by government but politicians reduced these funding during the economic crisis and allocations which were meant for funding education were diverted to other uses like election campaigns and preparations, salaries for members of the politburo and this compromised the quality of education. This was also supported by Lowry (2010) who noted that university funding was reduced due to increase in beneficiaries of political constituency. In addition to that Peterson (2008) also noted that

nations with high political instabilities reduce the budget allocation to education and concentrate on funding political issues for example election campaigns hence funding gap in state universities.

However, Abdessalem (2011) tends to disagree with this saying in developed countries budget allocations for education and health are not affected by political issues since they are considered as critical areas and political issues have their enough allocation in the budget such that they won't affect other areas like education. Abdessalem's arguments were further supported by Darrel et al (2010) who noted that intervention in funds allocated to education has consequential effects to students, the universities and even the nations at large such that government make sure that funds meant for education are not disturbed. Darrel reiterated that students are the leaders of tomorrow so their education must not be disturbed by anything.

The issue of politics on causes of funding gap is very applicable to Zimbabwe situation. Zimbabwe is a country which is politically unstable and with many issues that are pending within the politburo. When it comes to allocation of funds in budget it is clear that they give first preference to areas that have something to do with politics as way of trying to gain support from the public during election time. This can be seen when different parties going for election campaigns, they spend a lot of money buying cars their members and doing other things that aid their campaigns at the expense of other areas like funding for capital project. This is in line with arguments of Tanberg (2008) who highlighted that higher education has been funded by government but politicians reduced these funding during the economic crisis and allocations which were meant for funding education were diverted to other uses like election campaigns and preparations, salaries for members of the politburo and this compromised the quality of education.

### **2.2.2 Government budget deficit**

Apart from political issues government budget deficit is another cause of funding gap. Scholars like Webb (2012), Mankiw (2007) and Makosiri (2013) all agree that government budget deficit is another major cause of funding gap in state universities. According to Webb (2012) Government budget deficit is the difference between revenue received and what was intended to be received. Webb went on expanding on that saying when there is such kind of a situation in a country it will be very difficult for that country to fund its all ministries and this will result in funding gaps in other government ministries. This was also supported by Mankiw (2007) who highlighted that government budget deficits has so many effects to the nation which include reduction in national saving, reduction in investment, reduction in net exports and imports. Mankiw went on saying that the only solution to budget deficit is for that to seek help from the World Bank or the IMF, but however there are certain conditions that a country should meet for it borrows from IMF and the World Bank. Furthermore Makosiri (2013) also posited that the government of Zimbabwe get most of its revenues through collecting taxes from companies and individuals as PAYE. However, due to the rate at which companies are closing in Zimbabwe most people are now unemployed hence reduction in tax revenues hence budget deficit which results in funding gaps in Zimbabwe state universities. Makosiri further noted that the government of Zimbabwe is no longer having access to international funding because of its outstanding arrears and sanctions imposed by the Europeans. Moreover Tony Hawkins as quoted by Makosiri (2014) noted that little available liquidity on the domestic market was being mopped up by the state, which deployed it towards consumptive expenditure at the expense of capital projects. This was supported by Machadu (2013), who noted that the government of Zimbabwe will inherit a budget deficit which will consume up real expenditure, which will equally competing with civil service bill

which will be worsened by high demands of pay increase by civil servants above the poverty lines.

The impacts of government budget deficit can be clearly seen with what is happening at Midlands State University. Since all capital project at MSU are funded by government most of them are at stand still because of the funding gap which is as a result of budget deficit. The can be supported by the arguments of by Mankiw (2007) who highlighted that government budget deficits has so many effects to the nation which include reduction in national saving, reduction in investment and funding and reduction in net exports and imports.

### **2.3 To find options of financing capital projects**

Klonowski (2006) noted that firms in developing countries are being financed by venture capital. Venture capital is defined as money that investor provide when starting up firms and small businesses with perceived long term growth potential. Venture capital is very important source of funding for firms that do not have access to capital markets. Factors that are included in venture capital are managerial and technical expertise. University capital projects can be funded by Public private partnership, donations and fundraising activities, debt financing, and tuition fee.

Nyamute (2007) posited that since independence African universities were being financed by the government, however, trends now shows that education is more of private service like any other goods as a way of getting revenues to fund their projects. Bertolin et al (2008) noted that universities in developing countries are using money paid for accommodation by students to fund their project. However Wilson et al (2008) argued that accommodation for students is not for profit making but an ancillary service.

### **2.3.1 Private Public Partnership**

Hodge et al (2007) defined Public Private Partnership (PPP) as a risk sharing relationship based on a share aspiration between the public sector and one or more partners from private sector or voluntary sectors to deliver a publicly agreed outcome or public service. It can also be defined as a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. PPP can also be regarded as a government tool which can be used in place of traditional method of contracting for public sectors through competitive tendering, (Hodge 2007).

Van Ham et al (2001) noted that PPP can be regarded cooperation durability that is among private and public sector actors in which they jointly developed products services and share a risk, cost and resources connected with these products.

Kernaghan (2008) defined Partnership as the sharing of responsibilities, work, power, and support in the achievement of mutual benefits. Ibrahim (2006), Barlow et al (2013), Tan et al (2012) and Bothra (2012) agreed that funding gap in the country can be augmented by the introduction of public private partnerships. Ibrahim (2006) noted that Nigerian universities have to be funded by PPP since the government is facing financial problems. This was supported by Barlow et al (2013) who asserted that Asian government is engaging PPP for public construction and operating hospital though government fears to harm private sector efficiency. Furthermore Bothra (2012) noted that infrastructure funding gap for universities has been bridge by, Infrastructure financing institutions, infrastructure debt fund and PPP. Moreover, Tan et al (2012) postulates that PPP are designed to fund public institutions to avoid borrowing costs and this was supported by Liu (2014) and Leland (2013) who posited that PPP in Australia are helping in building schools and hospital and servicing of roads and in North Carolina PPP helps to construct affordable houses for the citizens respectively.

Finally Walker et al (2006) noted that PPP have benefits to the government as, relief of financial burden, relief of administrative burden, reduction in bureaucracy, better service to the public and encouragements to growth. Midlands State University has not yet started using this method to overcome the gap problem.

However Kling (2010), Busler et al (2010) and Sfakianakis (2011) do not have confidence in the private sector. Kling (2010) highlighted that PPP are less ideal than the idea. Kling was supported by Busler et al (2010) who denotes that PPP are popular in Europe but they do not match the idea of funding public institutions due to lack of confidence in partnership ending up reverting to tradition forms and separate responsibilities. Sfakianakis (2011) also add on to that saying the introduction of PPP weakens the government's fiscal policy and there are challenges associated with private partnerships. Trafford (2006) also posited that PPP needs good communication, openness and effective planning. Sadka (2007) denotes that PPP were initially initiated in United Kingdom early 1980s. However, he argued that PPP are not genuine partners in sharing risk and profits, they are meant to disguise conventional contracting undertaken that are subject to standard budget process.

### **2.3.2 Donor funding and fundraising activities**

According to Huebner (2012) and Nicely (2002) agreed that donations can be sourced to fund capital projects for state universities. Huebner further on stated that capital projects in higher education can be funded through donations and with the support of Nicely (2002) who posited that it is necessary to have private donors to augment public resources for major projects and also noted that private donors can be used for as part of private enhancement, establish funds for maintenance of particular areas, establish funds for particular service programs and to build endowment. At MSU donations and fundraising activities are used to finance the construction of library. Obang (2010) posited that universities can also get their

funding through endowment funds. Obang further stated that endowment fund is created after the purpose of the gift is specified by the donor or the Board of Trustees and only the income earned on that gift may be spent for a specific purpose. Moreover Obang (2010) stated two common types of endowment funds namely, true endowment and quasi endowment. Obang defined true endowment as an endowment in which the donor stipulates that the corpus must be held inviolate and in perpetuity and invested to generate income to be spent for a specific purpose where as quasi endowment are funds designated as endowment by the governing board of an institution.

However, Brannonos (2001) argued that private donors are secure in donating to private foundation than donating to government as their worries is that they might add to government coffers, in private institutions donor funds are used in the manner they intended. Brannonos' arguments were supported by Martin (2007) who stated that reasons for rejecting donations to the government are the hesitation to increase local tax base.

### **2.3.3 Debt financing**

Carey et al (2011) denotes that government failed to finance infrastructure, the gap has to be breached by projects bonds. A bond is a debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate. Bonds are used by companies, municipalities, states universities and foreign governments to finance a variety of projects and activities. Agarwal (2013) denotes that organisation can borrow money in order to finance its recurrent and capital expenditure and the debt is paid back in instalments which is an advantage to an institution. Agarwal further stated that debt financing has its own advantage that is it allows an organization to purchase equipment and invest in a project before they earn the necessary funds, hence this can be a great way to pursue an aggressive growth strategy, especially if the organization has

got access to loans with low interest rates. Ebaid (2009) added other advantage of this type of financing is that the payment of the debt is spread over a period of time and is paid in instalments. Jameson K (2011) further on stated that this type of funding is usually subject to acceleration clauses and agreements that allow the lender to call its loan and also the major disadvantage of this type of funding is that the debt has to be repaid plus interest.

However, Emanuel (2009) argued that debt financing increase the institution's risk of sharing with the investor. Jamson (2011) postulates that the disadvantage of debt financing is that it accrue interest at the time of repayment. An organisation can borrow from others inorder to finance their operations and capital projects Agarwal (2013). However there are some costs associated with this funding strategy which is the required rate of return by the providers of the funds.

#### **2.3.4 Funding through tuition fees**

Teixeira et al (2006) noted that funding gap of higher education can be augmented by tuition fees since the government has insufficient funds to finance its projects. Gherghina also stated that private universities in France are funded by the government and students in private institutions are getting scholarship from the state budget. Ekoja (2010) highlighted that universities can fund library construction through fines and charges that are collected from students when they bridged the rules and regulation of the library. MSU was using tuition fees to finance these capital projects but they have already stopped to cater for recurrent expences.

Lepori et al (2007) opposed this saying tuition fees cannot Fund University since there is a fee ceiling set by government and some students may not afford to pay their fees on time resulting in students dropping off without completing their degree programs, universities can still face the gap. However Gherghina (2012) argued that in Greek education is free for everyone as compared to other countries where students pay tuition fees. Ekoja (2010) also

postulates that instead of depending on tuition fees universities can get funds through endowments from other countries.

## **2.4 To assess the challenges of implementing funding options**

### **2.4.1 Political environment and Complexity of Public Private Partnerships**

According to Mahalingam (2010) in the Indians, challenges of implementing PPP in public sector are sited as lack of political willingness to develop the private public partnerships, the absence of an enabling institutional environment for public private partnerships, lack of project preparation capacity on the part of public sector and poor designed and structured PPP projects. Since 21st century real partnerships are not meeting the institutional rules, roles and habits which are based on public to private division (Barlow et al 2013).

Cabello (2011) came out with a number of challenges of implementing PPP in Brazil. According to Cabello the major challenge of implementing PPP is lack of experience about handling it. PPP involve complicated transactions and are expensive to implement. Apart from being complicated and expensive PPP lack qualified personnel and financial support to strengthen it. Cabello also said that there is need for political commitment and good strategies for PPP to be implemented effectively. According to Dosa (2000) there is a risk that the private sector may supply with substandard services to the public sector.

### **2.4.2 Donor is not reliable**

Afande (2013) came with four challenges when implementing donor funding. The challenges are lack of accountability, project evaluation complexities, fund disbursement bureaucracies and multiple objectives and tasks. According to Smith (2010) lack of accountability is the first challenge that is faced in donor funding for projects to be effective. Smith further

explained accountability is when there is sufficient transparency regarding the purpose, content, responsibility and performance of the development agency.

Afande (2013) also denoted, project evaluation complexities are another challenge usual faced in donor funding. According to Afande, for performance problems to be eliminated the feedback loop in foreign aid must be broken. He said that in a situation where evaluations are well done, to the extent that there is no mechanism in place to act on these evaluations, the aid agencies' behaviour would likely not be affected. The only solution to this problem is to use an independent foreign aid evaluation agency. To add to that, though donors adopt formal evaluation as a key component in aid programs, there would still be problems in exercising external influence without undermining local accountability relationships

According to Smith (2013), fund disbursement bureaucracies is another challenge of donor funding where most resources earmarked for particular uses pass through legally defined institutional frameworks. Typically, funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds. Information on actual public spending at the frontline level or by program is seldom available.

Afande (2013) stated the issue of multiple objectives and tasks as the forth challenge in implementing donor funding. He said that in most cases donors comes in with multiple objectives which include economic growth, economic and social equality, economic and political independence, democratic development, environmental care, and gender equality. These multiple objectives bring in problems like implying tradeoffs, usual in the short run. When faced with multiple tasks that compete for their time most donors tends to concentrate

on those projects that satisfy their carrier concern and those that does not need a lot of efforts.

## **2.5 Best funding options for capital projects**

Best practise if defined by Odebe (2011) as the method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark.

In addition, a best practice can evolve to become better as improvements are discovered.

Jongbloed (2008) noted that the European government has augmented the funding gap with competitive funding and performance based funding mechanism. Nicely (2002) state that Nashville Public Library was funded by capital bonds as the best way constructing the library.

According to Gherghina (2012), in Europe higher education's main source of finance is the public budget. The budget is allocated according to the percentage of gross domestic product allocated to higher education level using various mechanisms. Klonowsk (2006) also noted that universities introduce some fund raising activities like commercialising the canteens.

Wang et al (2007) postulates that universities can create their own funding through venturing into tuck shop business. Tuck shops can raise funds faster since there is a large pool of customers from university staff and students. This was also supported by McNally (2005) when he stated that parking discs can be used as a fundraising method.

Zhu et al (2013) stated that universities can make use of its premises like halls for hiring to organisations for conference purposes or to individuals for functions like weddings. James (2003) added that universities can also raise funds through transport hire and providing canteen services conference meetings. Van Ham et al (2001) noted that Public Private

Partnership is the best way of financing public institutions since it incorporate private sector and does not include loans which require interests.

Texeira etal (2006) noted that tuition fees in the form of building levy is a best way of financing university projects and recurrent expenditure.

## **2.6 Summary**

This chapter review prior work on the subject of funding gap. Attention was given to the evaluation of effects of funding gap, challenges which can be faced in sourcing capital funding, find alternative methods to source funds and best practise of funding capital projects. The next chapter (chapter 3) shall look at the research methodology.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter covers the research design and methodology, including samples, sampling techniques, population, sources of data, and methods of data collection used by the researcher. It also highlights methods of presenting and data analysis.

#### 3.1 Research design

According to Babbie et al (2011) research design is a plan that shows how a research is to be carried out. Research design formulates what data is necessary, the method used in data collection and analysing of that data as how those questions are to be answered. Burns (2009) added that research design can also be defined as the blue print for carrying out a study that has distinctively outlined structures within which the study is enforced. All aspects of the research are found in the design. The aspects range from the details of data collection to the selection of data analysis technique. In this study the researcher used a mixed research method. According to Creswell (2011) mixed research includes both philosophical assumptions and methods of inquiry. The method includes both qualitative and quantitative approaches during collecting and analysing data in a single study. Elliot (2009) quantitative data is data that includes closed ended information for example information found in behaviour or performance instruments, where as qualitative data is data that consist of open ended information for example information that the researcher gather through interviews with participants. Quantitative data collection approach assist the researcher in collecting data through questionnaires and qualitative data collection approach assist the researcher in collecting information through interviews. The researcher collected primary data through the

administration of questionnaires and the conduction of interviews. The collected information was evaluated and presented.

The researcher engaged a descriptive research on a case study as appropriate for the study that involves investigation of the impact of funding gap on capital projects in state universities.

### **3.1.2 Descriptive research**

According to Burns (2011) descriptive research involves a thorough observation and analysis of the topic being researched. Descriptive research is used to gather observation as they are at the time of research with the aspire to know the various activities within the state universities. The researcher employed descriptive research because it encompasses the gathering of data describes events then organise, arrange, and describe the data collection. Descriptive research enables the researcher analyse challenges affecting funding gap at state universities. Generally descriptive research takes raw or unprocessed data and then summarise it in a useful way.

## **3.2 Population, sample, and sampling technique**

### **3.2.1 Population**

According to Creswell (2011) is a group of individuals with particular characteristics and where a sample can be drawn to ascertain the argument or characteristics. Only members with the characteristics that have something to do with problem or research should be included in the population. In this research the target population comprised of 20 elements, staff from the bursar department, projects, internal audit, works and estates and registry

### **3.2.2 Sample**

According to Booth (2012) a sample is a subset of the targeted population which is a representation of the whole population is interviewed. In order to achieve true results and generalise findings to the whole population the sample must be optimum. Due to the inability of the researcher to test each and every individual, a sample of 13 individuals was selected. This is justified by Fielding (2007) who highlighted that a good sample must be at least 30% of the target population. This research is perfect as it has 65% as shown in the diagram below.

**Table 3.1 Target population and sample**

Sample elements	Target population	Target sample	Percentages
Bursar	1	1	100%
Deputy bursar	2	1	50%
Assistant bursar	5	3	60%
Deputy bursar projects	1	1	100%
Director projects	1	1	100%
Administration ass	4	2	50%
Site manager	1	1	100%
Registry	3	2	67%
Internal audit	2	1	50%
<b>TOTAL</b>	<b>20</b>	<b>13</b>	<b>65%</b>

### **3.2.3 Sampling techniques**

The researcher used judgemental sampling which is defined by Dulport et al (2011) as a non-probability sampling technique where units to be sampled are selected based on knowledge and professional judgement of the researcher. Judgmental sampling is also known as purposive sampling and authoritative sampling (Mouton 2010). Judgemental sampling was chosen as the researcher wanted to make use of his or her own judgement when choosing units from the population under study Greef (2011). This type of sampling is the most appropriate one if population to study is difficult to access. It is also appropriate to use in small samples and populations. This type of sampling is usually used in situations where the researcher wants population with certain qualities and where expertise in certain areas is needed. In this research the strategy was to select those employees in decision making who are well informed about the funding gap.

### **3.3 Sources of data**

According to Creswell (2009) data can be defined as raw and unprocessed observations an individual gather during his or her study. Data sources come in two forms, primary and secondary sources and in this case the researcher decided to employ both of them.

#### **3.3.1 Primary data sources**

Collis et al (2009), defined primary data as the data that is collected from the original source for example data collected through questionnaires and interviews in this research. According to Burns (2008) primary source of data is the pilot data gathered by the researcher for the purpose of the research. The major advantage of this method of data collection is that the data collected is direct, most recent, minimum biasness and specific to the purpose of the research (Burns & Burns 2008). Primary data collected through questionnaire, interview method, was the major

source of data collection in this study. However this method needs a lot of time and commitment.

### **3.3.2 Secondary data source**

Data collected from other sources is referred to as secondary data (Collis 2009). These secondary data used in this research included book, magazines, journals, data from the internet, meeting minutes, research projects and management reports. Jackson (2011) added that the nets of added data of collection can be casted by other researches as well as from the websites.

### **3.4 Research instruments**

Greef (2011) defines instruments as methods or techniques one may use to gather information about the research as well as their setting. The appropriateness of the instruments used determines the validity and reliability of the research. The researcher will make use questionnaires and interviews and these will help to answer the research questions (Zikmund & Babin 2007).

#### **3.4.1 Questionnaires**

In this research the researcher decided to use questionnaires of their advantages. Questionnaires are easy to administer to the target population. They are less expensive to administer and the collection of data does not need too much time of the researcher. The researcher will interpret and quantify the questionnaire using statistical tools and this will enable the researcher come out with conclusion. The questionnaires for this research will be delivered to the research participants in person and will be collected within a period of two days. The researcher will use both open ended and closed ended questions. With the open

ended question the researcher can gather more information that is beyond limit and of greater importance to conclude the research, however on the other hand non disguised answers will be obtained through the use of closed questions. The research questionnaire used the Likert Measurement scale to obtain data from the statement enquired (Gomez & Jones 2010)

According to Jones (2010) Likert scale is used in questionnaires to acquire respondent’s points of view with a statement or a number of statements by way of an ordinal scale. The respondent’s point of view is measured on a continuum from one extreme to the other extreme as a scale of 1 to 5. It measures only one trait or character and it is non- comparative scaling technique. Positive statement agreement reflects a favourable response, where as negative statement an agreement represents an unfavourable response. The Likert scale is one the simplest scale to construct and administer for the researcher and the respondents understand it without difficulties.

**Table 3.2 Likert scale**

Strongly agree	Agree	Unsure	Disagree	Strongly disagree
5	4	3	2	1

Source:(Gomez&Jones2010)

**3.4.2 Interviews**

Brynard (2014) in his book Introduction to research define interviews as techniques used to gather information which involves questioning of participants as individually or in groups. The researcher used unstructured interviews during the process of gathering primary data. This method allows the participants to feel free to say out their views and experience regarding what they think be causes of funding gaps in state universities and what can be

done reduce the gap or totally eradicates it. The researcher is also with the idea that interviews for exploring different avenues within the university to gather more information about funding gap.

According to Brynard (2014) have so many advantages over other methods of gathering data. With interviews the researcher can explain to the interviewee matters that are unclear as well as clarifying unclear answers from the participants. Also interviews allows the researcher to ask questions that results in deeper and clear understanding of the research topic and also different avenues can be explored during interviews. Brynard also added that interviews during interviews participants are free to say out what they think about the researcher. However interviews are time consuming and the participants may not be comfortable to say out the truth.

Holloway (2009) postulates that note is crucial during interviews, however it might disturb the participants. In order for the disturbance to be reduced the researcher first informed the participants that notes would be taken during the process of the interview. Note taking was done with discretion to avert disturbing the participants.

### **3.5 Reliability and validity**

#### **3.5.1 Reliability**

According to Flick (2009) reliability is whereby observations, questionnaires or any other measurement gives the same outcomes or result on repeated attempts. The researcher sampled thirteen questionnaires out of the population of twenty individual at MSU. To ensure reliability the researcher used a sample that involves personnel in the institution. Reliability is also seen when the respondents' responds maintained the same over time. Reliability has three aspects which are equivalency, internal consistency and stability.

### **3.5.2 Validity**

While proceeding with the research the researcher considered the validity of the research (Flick 2009). The data collected during the research is valid and that data is expressed in simple language so that readers can easily understand the research and the research include some qualitative data which properly referenced (Franklin 2012). In addition, the research will make use of inferential analysis which makes use pie chart which will make the data more valid. Moreover, the researcher will make it a point that data obtained from questionnaire will be free from errors and biasness. This also makes the research more valid.

### **3.6 Data presentation and analysis**

Creswell (2011) refers data as one's observation on a particular problem with useful information, it is only when the data is collected analysed, summarised and presented that when they become reliable for conclusion to be drawn. In this research data was collected and analysed quantitatively and qualitatively by a description and summary as well as identifying relationships and comparing and constructing responses to research questions. Microsoft excel was used in the analysis of data, Similarities were calculated using mean, percentages and standard deviation and the mode. In order for research findings to be conveyed quickly and enable its understanding the researcher make use of percentages, graphs, tables and charts. This was also done in order to identify patterns, for easy analysis, evaluation of literature interpretation of findings. Percentages make the comparisons easy as well as converting values to a similar standard. Tables bring large masses of data together, portray patterns in a way which is more attractive, and also enables simply data comparison. In addition, tables don't need a big space like narrations. Finally charts give a convenient size of component, frequency of responses relative to one another and to the total of responses.

### **3.7 Summary**

The chapter elaborated on how the research was carried out outlining the overall research design, data sources, sampling methods and research instruments applied. The methods of data collection was emphasised to ensure validity and reliability

## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.0 Introduction**

Chapter three was about research methodologies and research techniques and this chapter will be focusing on presentation, interpretation and analysis of data that was obtained through the use of questionnaires and interviews. Therefore this chapter will seek to provide with answers to the research questions detailed in Chapter one. The researcher will make use of tables, pie charts and bar graphs during the analysis. The data is in line with the impact of funding gap on capital projects at state universities.

#### **4.1 ANALYSIS OF QUESTIONNAIRE RESPONSE RATE**

Response rate refers to the number research participants who successfully completed the questionnaires issued to them divided by overall number of participants to whom the questionnaires were issued (Roger 2011).The researcher personally distributed thirteen questionnaires in all the intended departments at Midlands State University and managed to receive twelve of them completed. This shows that out of the thirteen questionnaires distributed twelve responses (92%) were received. Apart from the questionnaires the researcher also managed to conduct all the three interviews from the intended five. From table 4.1 below targeted population, number of questionnaires distributed and the response collected are shown.

**Table 4.1 Questionnaire Response Rate**

<b>Category</b>	<b>Questionnaires distributed</b>	<b>Questionnaires received</b>	<b>Response rate</b>
<b>Bursa department</b>	<b>5</b>	<b>5</b>	<b>100%</b>
<b>Projects department</b>	<b>3</b>	<b>3</b>	<b>100%</b>
<b>Registry department</b>	<b>2</b>	<b>2</b>	<b>100%</b>
<b>Vice Chancellors department</b>	<b>3</b>	<b>2</b>	<b>67%</b>
<b>Totals</b>	<b>13</b>	<b>12</b>	<b>92%</b>

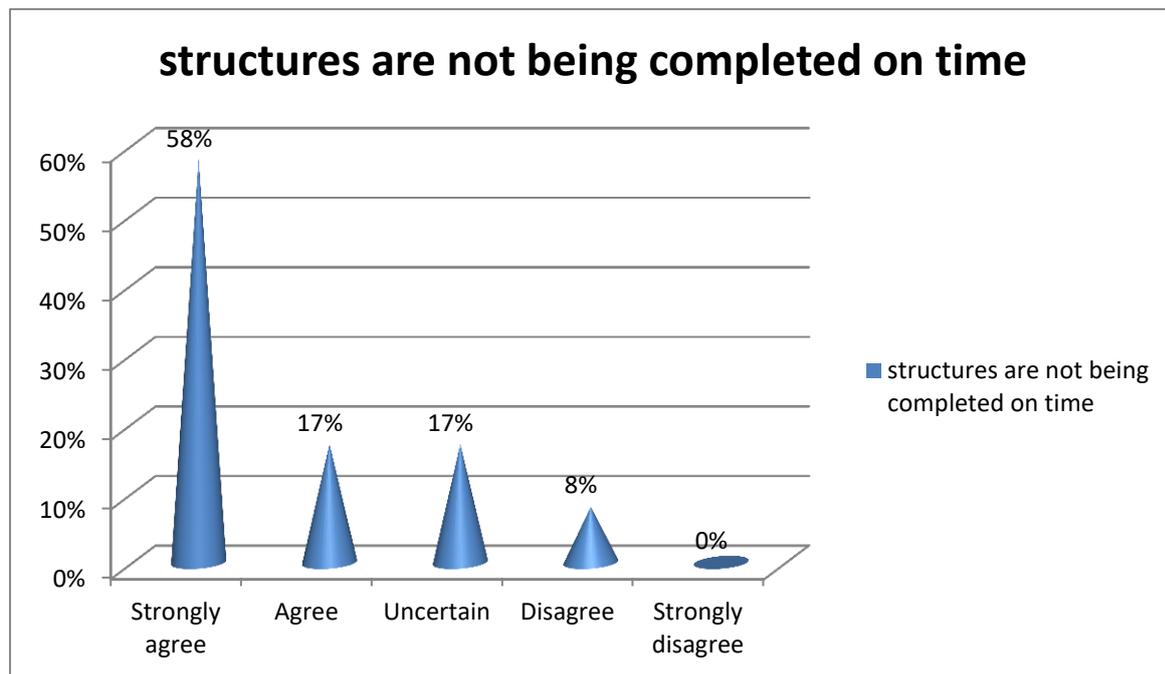
The above table 12/13 (92%) of the questionnaires were respondent and received in time and the expected responses were obtained in connection with questionnaires distributed. From all the questionnaires the researcher distributed the expected data was received. Basing on what the researcher received on the response rate it can be concluded that the population sampled was enough and reliable to represent the total population as stated by Fielding (2007) when he highlighted that a good sample must be at least 30% of the target population, the sample population for this study was 65% of the total population and it is therefore concluded that such a representation of the total population is fair.

#### 4.1.1 Questions on the effects of funding gap

##### 4.1.1.1 Structures not completed on time

The aim of this question was to confirm whether failures to complete structures on time are because of the funding gap.

**Fig 4.1.1 Capital Projects Completion**



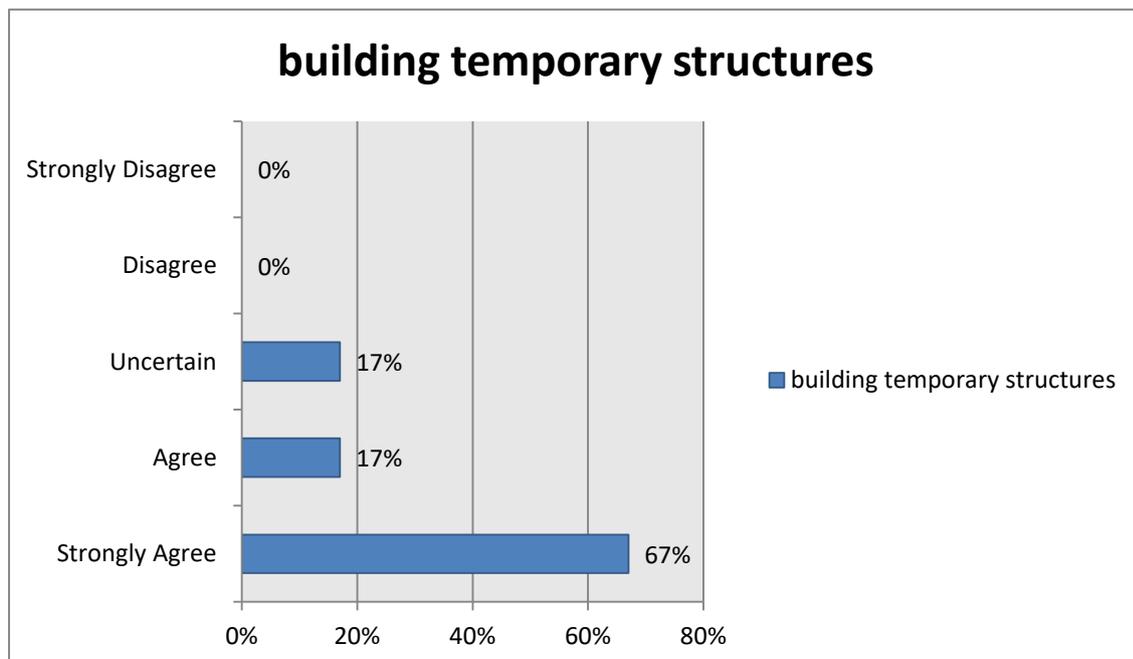
From fig4.1.2 above, 7/12 participants (58%) strongly agree and 2/12 participants (17%) agrees that public structures are taking more than the stipulated time to be completed because of insufficient funding from government. The results goes in line with Estache (2008) who said that delaying in infrastructure completion is normally caused by insufficient funding, and some structure stretch up to 15 years under construction in developing countries. At MSU the administration block took 11 years to be completed, library and hostels which were started in 2010 are still on the early stages of construction. This is caused by insufficient funding from government.

2/12 participants (17%) are not sure whether the reason behind the failure to complete structures on time is because of the funding gap or it is because of other factors which have nothing to do with finding gap. Fay (2001) noted that projects in most developing countries are taking too long to be completed because of poor budgeting and planning techniques by the responsible authorities within the government. However from all the participants only 1/12 participants (8%) disagree that incompleteness of structures on time is because of the funding gap. This is also shown in the background that projects are left in progress for a long period of time.

#### 4.1.1.2 Building temporary structures

The aim of this question was to confirm if the reason behind the building of temporary structures is because of the funding gap.

**Fig 4.1.2 Construction of temporary structures**

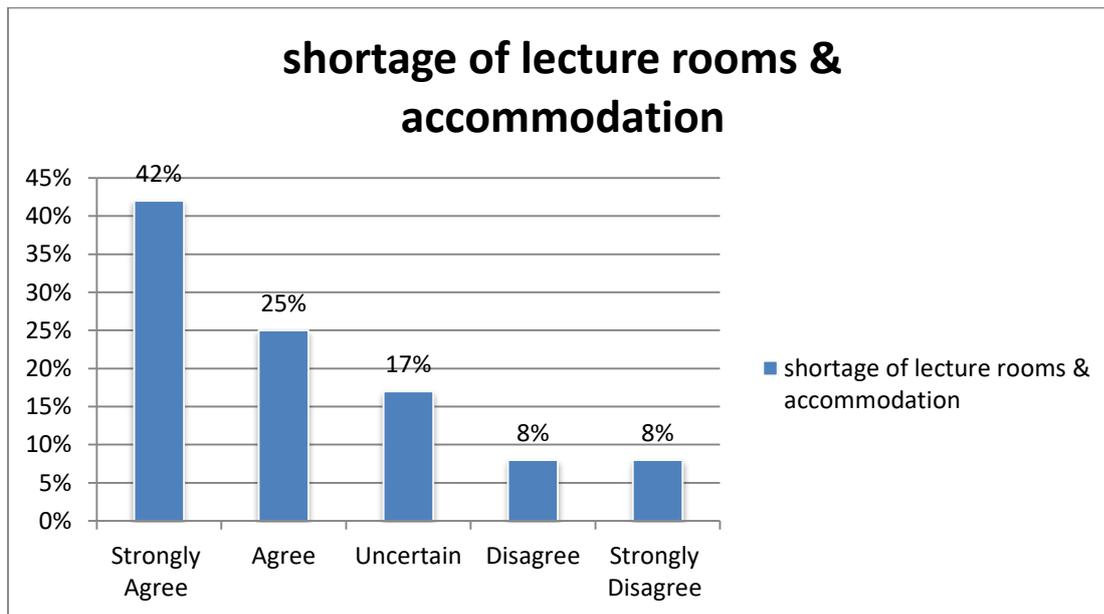


As indicated by Fig 4.1.3 above almost all participants who responded to the questionnaire agree that because of the funding gap in state universities, some structures which are now building temporary structures to facilitate lecture rooms. 8/12 strongly agree and 2/12 agrees (84%) of the respondents that universities are now building temporary structures. This situation tends to agree with Namasivayai (2011) who argued that fabricated solids are used for partitioning building not as they are used to build permanent structures in Africa. Universities in Zimbabwe are now building with pre fabricated materials as lecture rooms and library. This was also supported by Bonser (2006) when he postulated that fabricated materials have been used to build libraries, extend structures and to cater for student accommodation. 2/12 respondents are not sure whether funding gap is the major contributor to construction of temporary structures or not. These pre fabricated materials are not strong to build permanent structures.

#### **4.1.1.3 Shortages of lecture rooms and accommodation**

This question was aiming to gather information in relation to shortages of lecture rooms and accommodation. The question also wanted to confirm whether insufficient funding is the major cause to this problem.

**Fig 4.1.3 shortages of facilities**



From fig 4.1.4, 8/12 respondents which is 67% agree (5 strongly agree and 3 just agree) This argument is in line with Otichilo (2014) when he stated that, the Government of Kenya is failing to fund the state universities which result in the shortages of student facilities for example libraries, lecture rooms and hostels for accommodation. Burk (2013) also supported this argument when he noted that the Zimbabwean universities require substantial amount of funding teaching and laboratory space, administration offices, student accommodation and research facilities. 2/12 (17%) respondents were uncertain. McGrath (2011) stated that students has the right to chose where they want to stay as long as it is in the locality to the university and that is why universities are not prioritising construction of students hostels. A total percentage of 2/12 (16%) disagree that shortages of lecture rooms and accommodation at Midlands State University is because of funding gap. Davies (2009) also highlighted that the reason why universities are experiencing accommodation problems is not because of insufficient funding but it is because of the preferences that they give to projects like the construction of lecture rooms and libraries at the expense of residential facilities for students.

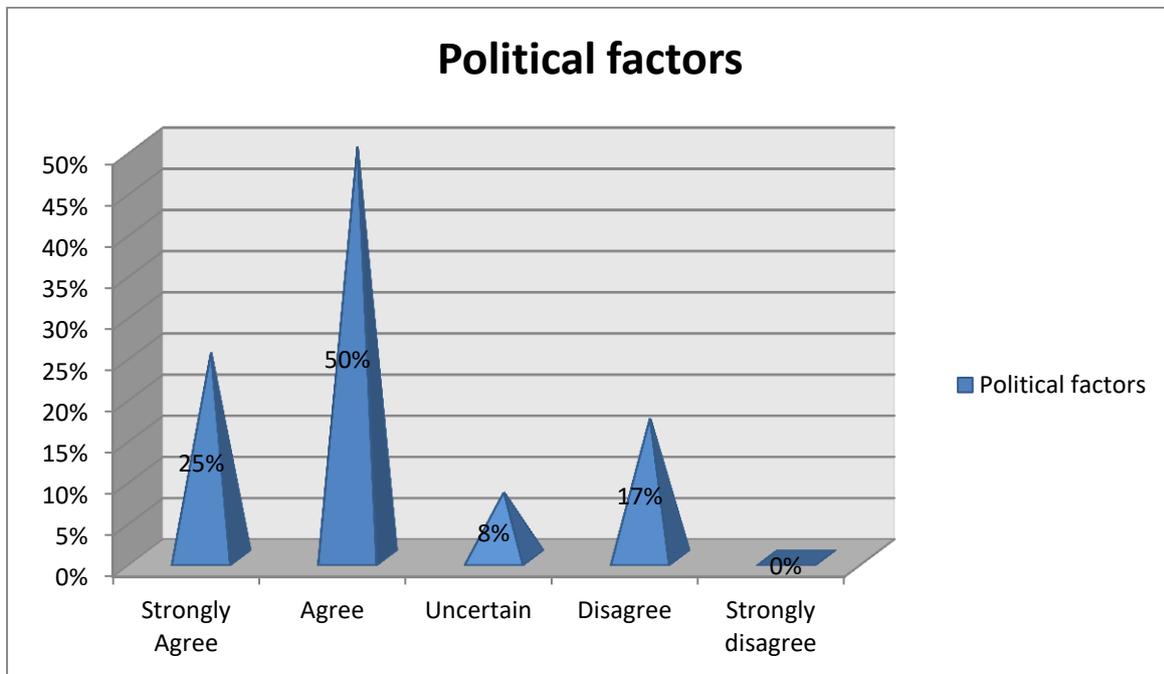
From the above findings it can be concluded that funding gap on capital projects has a greater impact on accommodation and learning facilities like lecture rooms at state universities.

#### 4.1.2 Questions on the causes of funding gap

##### 4, 1.2.1 Political factors

The aim of this question was to confirm whether the political issues has anything to do with sourcing of funds by state universities

**Fig 4.1.4 political factors**



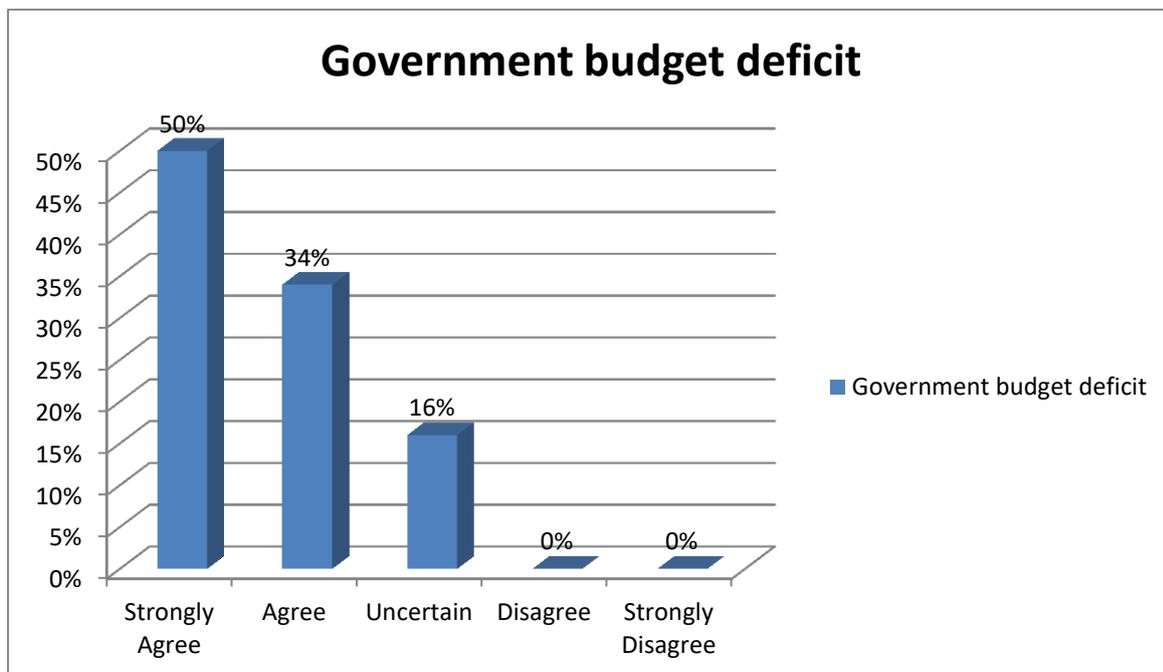
From fig 4.3.1 above 25% of the sampled population strongly disagree that political factors can be challenges to state universities when sourcing funds for capital projects. 6/12 (50%) of respondents agreed with the researcher that political factors can impede sourcing of funds by state universities. A percentage of 75% of those who agreed is in line with Lowry (1998) who noted that university funding was reduced due to increase in benefits of political constituency. Lowry was supported by Peterson (2008) who postulates that nations with high

political instabilities reduce the budget allocation to education and concentrate on funding political issues for example election campaigns. However a percentage of 2/12(17%) of those who disagree were supported by, Abdessalem (2011) who argued that in developed countries budget allocations for education and health are not affected by political issues since they are considered as critical areas and political get have enough allocation in the budget such they won't affect other areas like education. 1/12 (8%) was uncertain whether political issues affect the funding for state universities. From the above findings, the majority of respondents agrees that political issues affect the funding of higher education as grant allocated to government can be diverted to politics.

#### 4.1.2.2 Government budget deficit

The purpose of this question is to find out whether budget deficit is a challenge to state universities when sourcing funds for capital projects.

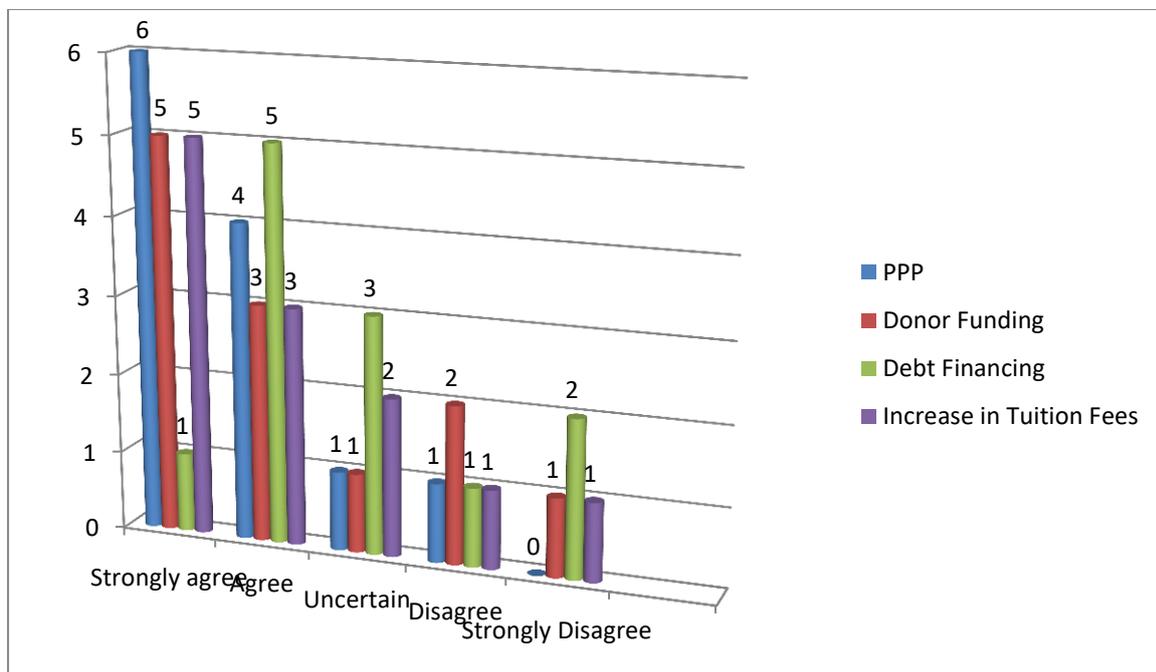
**Fig 4.1.5 Government budget deficit**



From fig 4.3.2 above indicated that from a sample of 12 respondents no one disagrees that budget deficit has profound effects on state funding. 6/12 strongly agree and 4 /12 just agree. It is therefore concluded that 83% of the total population agreed. This is in agreement with, Machadu (2013) who noted that the government of Zimbabwe has a budget deficit, government is failing to pay civil servants in time and most structure has been suspended while putting attention ministries which have the impact to the nation such as health. However 2/12 respondents were not sure whether budget deficit have effects on sourcing funds or not. Therefore the overall conclusion is that budget deficit greatly affects sourcing of funds by state universities in Zimbabwe.

#### 4.1.3 Questions on options of financing capital projects.

**Fig 4.1.6 options of financing capital projects**



**Table 4.2 Options of financing capital projects**

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>total</b>
<b>PPP</b>	<b>6</b> <b>50%</b>	<b>4</b> <b>33%</b>	<b>1</b> <b>8%</b>	<b>1</b> <b>8%</b>	<b>0</b>	<b>12</b> <b>100%</b>
<b>Donations</b>	<b>5</b> <b>42%</b>	<b>3</b> <b>25%</b>	<b>1</b> <b>8%</b>	<b>2</b> <b>17%</b>	<b>1</b> <b>8%</b>	<b>100%</b>
<b>Debt financing</b>	<b>1</b> <b>8%</b>	<b>5</b> <b>42%</b>	<b>3</b> <b>25%</b>	<b>1</b> <b>8%</b>	<b>1</b> <b>8%</b>	<b>12</b> <b>100%</b>
<b>Increase tuition fees</b>	<b>5</b> <b>42%</b>	<b>3</b> <b>25%</b>	<b>2</b> <b>17%</b>	<b>1</b> <b>8%</b>	<b>1</b> <b>8%</b>	<b>12</b> <b>100%</b>

#### **4.1.3.1 Public Private Partnerships**

Fig 4.4 above shows 6/12 (50%) responses strongly agree and 4/12 (33%) agree constituting 83% that PPP is one of option for financing capital projects. 1/12 (8%) disagree and also 8% from the sample population was uncertain. No one totally disagree that PPP is a good funding option. From the above findings the researcher can reasonably conclude that PPP is funding option for MSU. This was supported by a number of scholars like, Tan, Liu and Leland. Tan et al (2012) posited that PPP are designed to fund public institutions to avoid borrowing costs. Liu (2014) also denoted that PPP in Australia are helping in building schools and hospital and servicing of roads. These supported by Leland (2013) who said that PPP helps to construct affordable houses for citizens North Carolina. However the 1/ 12 (8%) respondent

who disagree is supported by Sfakianakis (2011) who argued that the introduction of PPP weakens the government's fiscal policy and there are challenges associated with private partnerships. Busler et al supported this argument saying that PPP in Europe are common but they do not match the idea of funding public institutions due to lack of confidence in partnership ending up reverting to traditional forms and separate responsibilities.

#### **4.1.3.2 Donor funding.**

The above findings on fig 4.4 above indicated that the greater percentages (67%) of respondents agree that donor funding is an option financing capital projects. A total of 8/12 respondents agree and only a small fraction 3/12 (25%) disagree. Only 1/12 individual from the whole population sample was uncertain. Basing on the 67% of agreement the researcher can conclude that donor funding is one of the options MSU can consider when financing its capital projects. This is in line with what was said by Nicely (2002) who postulates that, it is necessary to have private donors to augment public resources for major projects. Nicely went on saying that private donors can be used for as part of "private enhancement, establish funds for maintenance of particular areas; establish funds for particular service programs and to build endowment. At MSU one of the library which is under construction was financed by donations and fundraising activities. However, 25% of those who disagree are in line with Brannonos (2001) argued that private donors are secure in donating to private foundation than donating to government as their worry is that they might add to government coffers, in private institutions donor funds are used in the manner they intended. This is in line with those who disagree that donor funding can be used as an option for financing capital projects.

#### **4.1.3.3 Debt financing**

As in table 4.4 above 1/12 (8%) strongly agree, 5/12 (42%) agree 3/12 (25%) were uncertain, 1/12 (8%) disagree and 2/12 (17%) strongly disagree that debt financing can be an option for

financing capital projects. It can be seen that a total of 6/ 12 (50%) agree that debt financing can be used for financing capital projects. Basing on the above outcomes is debt financing is therefore a good finding option for state universities. This is in congruent with what was highlighted by Agarwal (2013) denotes that organisation can borrow money in order to finance its recurrent and capital expenditure and the debt is paid back in instalments which is an advantage to an institution. However, (25%) of those who disagree are in line with Emanuel (2009) who argued that debt financing increase the institution's risk of sharing with the investor. Jamson (2011) postulates that the disadvantage of debt financing is that it accrue interest at the time of repayment. This is in line with those who disagree that debt financing can be a funding option for capital projects.

#### **4.1.3.4 Funding through tuition fees.**

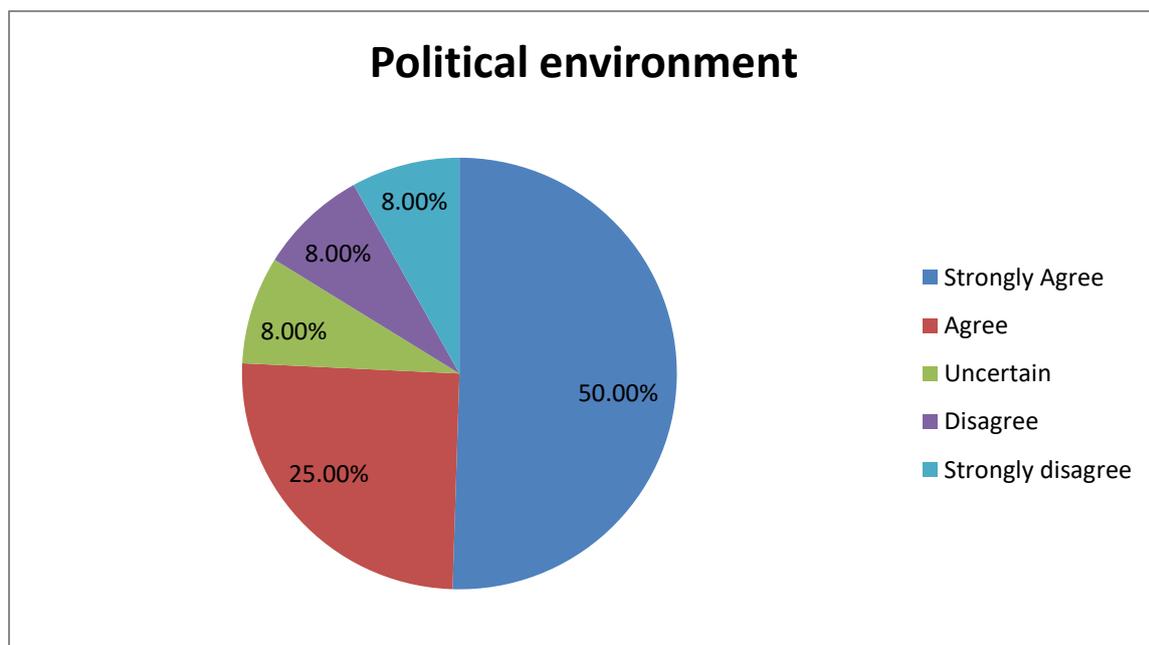
Fig 4.4 above shows that a greater percentage of the population samples agree that funding through tuition fees is an option for financing capital projects. A total of 8/12 (42%) respondents agree while 2/12(17%) disagrees and only 2/12(17%) were not sure. From the above findings the researcher found that increase in tuition fees is also better option for financing capital projects where the building fees will be included in the part of tuition fees. This is in line with arguments of Teixeira et al (2006) who noted that funding gap of higher education can be augmented by tuition fees since the government has insufficient funds to finance its projects. However (17%) of those who disagree were supported by Lepori et al (2007) who said that tuition fees cannot Fund University since there is a fee ceiling and some students may not afford to pay their fees on time and drop off without completing their degree programs, universities can still face the funding gap. Midlands State University is also using tuition fees to the extent of constructing capital structure to accommodate its students and administration offices.

#### 4.1.4 Questions on challenges of implementing funding options.

This question seeks to find out challenges that may be faced when implementing funding options.

##### 4.1.4.1 Political environment

Figure 4.1.7 political environment

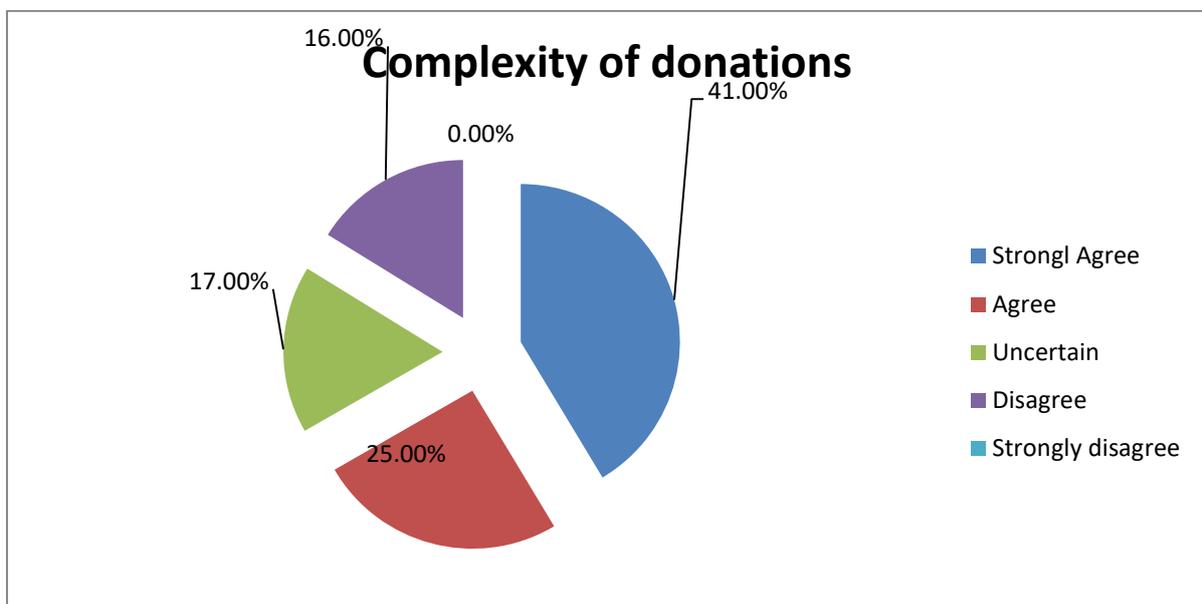


From fig 4.1 above 75% of the total population sample agrees political environment is a challenge in implementing funding options. 2/12 (16%) disagree while 1/12 (8%) is uncertain. From these finding it can be concluded that political environment can be a challenge in the implementation of funding options. The above argument is in line with Mahalingam (2010) who stated that in the Indians, challenges of implementing PPP is sited as lack of political willingness to engage into such partnerships and absence of an enabling institutional environment. However Cabello (2011) argued that the major challenge of implementing PPP is lack of experience about handling it since it involves complicated transactions. Dosa (2000) also states that most private sectors want to involve their selves in

situations where they benefit. In case of MSU private sector can be involved in the construction of hostels where they will be expecting to receive accommodation rentals. Kernaghan (2008) states that PPP needs proper planning and competent staff so as to achieve best results.

#### 4.1.4. 2Complexity of donations

**Fig 4.1.8 complexity of donations**



From fig 4.2 above, 8/12 respondents (5 strongly agree and 3 agree) which gives us 66% agree that complexity of donations is a challenge in the implementation of funding options. It is complex in that donors can opt to fund for example a library when there is a need in the lecture rooms. Of the remaining 4 respondents 2 (17%) strongly disagree and 2(17%) were unsure. From the above findings the researcher concludes that complexity of donations is a challenge in implementing funding options. This is in line with Afande (2013) who postulates the challenges of donations are lack of accountability, project evaluation complexity and multiple objectives and tasks where donors have several projects at once. According to

Afande, for performance problems to be eliminated the feedback loop in foreign aid must be broken. Smith (2013), fund disbursement bureaucracies is another challenge of donor funding where most resources earmarked for particular uses pass through legally defined institutional frameworks. At MSU structures which were funded by donors are also in progress since donors are not funding due to political issues in the country

#### 4.1.4.3 Poorly designed PPP structures

**Fig 4.1.9 poorly designed structures**

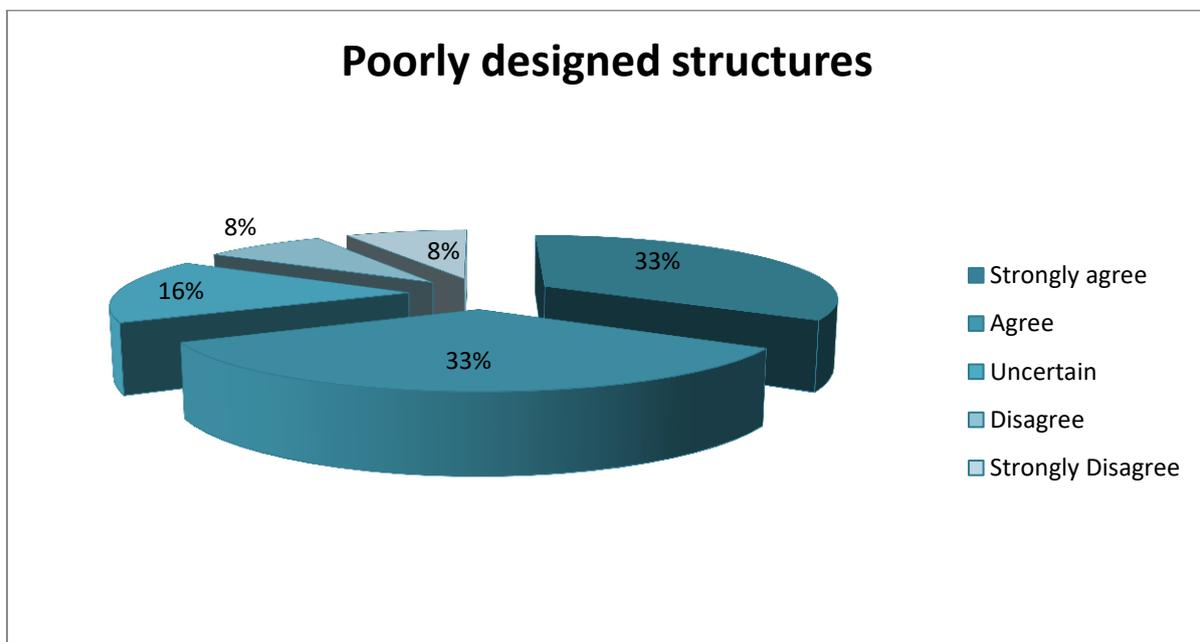


Fig 4.3 above shows that of the total population sample 2/12 respondents disagree that poorly designed PPP structures is a challenge in the implementation of funding options. However, 66 % of the total population sample agree that poorly designed PPP structures is challenge in implementing funding options, while 2/12 participants were uncertain. From the above findings it can be concluded that poorly designed PPP structures can inhibit the implementation of funding options. This is congruent to what was alluded by Mahalingam (2010) who indicated poor designed and structured PPP projects among others is also a

challenge in the implementation of funding options. Mahalingam was supported by Barlow (2013) who said that Since 21st century real partnerships are not meeting the institutional rules, roles and habits which are based on public to private division.

#### 4.1.4.4 Negative effects of increase in tuition fee

**Fig 4.1.10 increase in tuition fees**

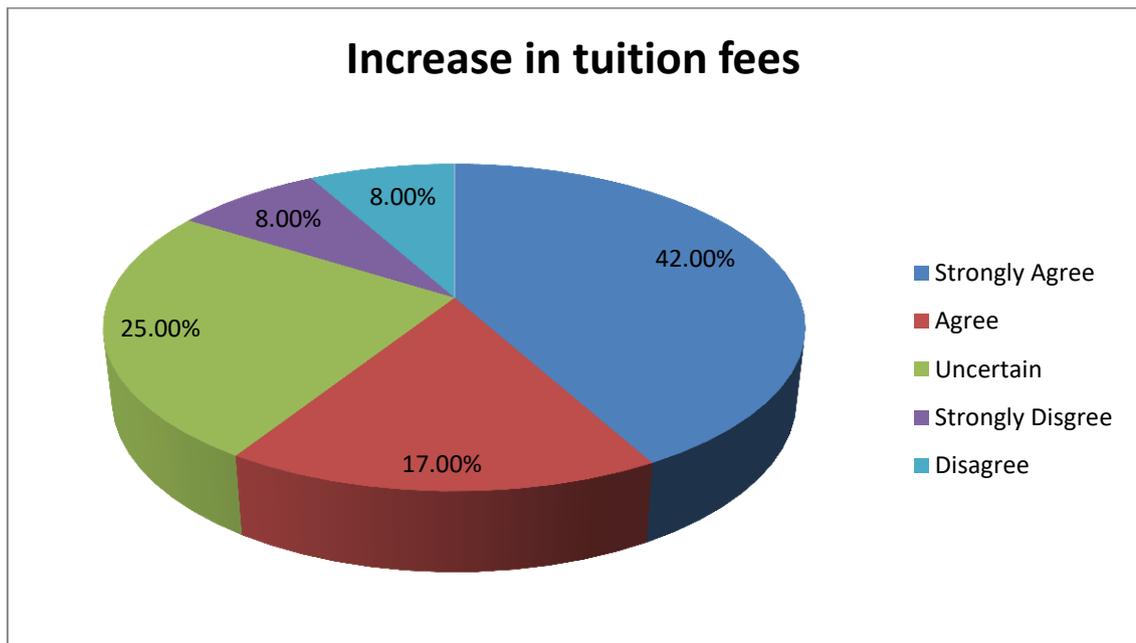


Fig 5.4 above attempts to explain how participants responded to questionnaires distributed to them. Out of the 12 questionnaires distributed 2/12 disagrees which is 16% of the total population sample, 25 % were uncertain while 7/12 (59%) respondents agree. These findings show that even though funds can be raised through tuition fees most people believe that this may not be always the case since some students may fail to continue with their studies because of that. This is in line with Lepori et al (2007) who said that tuition fees cannot fund university since there is a fee ceiling and some students may not afford to pay their fees on time, universities can still face the gap. One can therefore conclude that increase in tuition fee may hinder this funding option.

## **4.2 INTERVIEW RESPONSE**

### **4.2.1 Analysis of interview response**

#### **4.2.1 What do you think are the effects of funding gap at Midlands State University?**

From interviews done most respondents revealed that because of the funding gap and high rates of students enrolment, the university is having accommodation problem and the available lecture rooms are not sufficient to accommodate all students at once. Respondent also add on to that saying students are now seeking accommodation in the nearby residential areas Senga and Nehosho. Respondents also stated that poor funding of state universities has led to the construction of temporary structure for example making use of dual whole panels in the construction of buildings. Moreover respondents also revealed the number of computer laboratory available does not commensurate with the number of students such that students are givens turns to visit these facilities.

It can therefore be concluded that funding gap at state universities and MSU in particular is causing a lot problems. This argument is line with Otichilo (2014) cited in chapter 2 who said that lack of accommodation and libraries at state universities in Kenya is a major problem which threatens the quality of education. The Government of Kenya is failing to fund the state universities which result in the shortages of student facilities for example libraries, lecture rooms and hostels for accommodation.

#### **4.2.2 What do think about the following as causes of funding gap?**

- i. Politics
- ii. Budget deficit

According to the majority of the respondents it is revealed that both politics and the budget deficit does cause funding gap. Politics reduces funds which were meant for funding education and when a country is experiencing budget deficit it won't be in a position to fund state projects on time hence funding gap. Respondents also add on to that saying hostile political environment is not conducive for investors to come in and do their business in our country hence low gross domestic product. Moreover respondents mentioned the issue of poor government policies on investors which require investors to remit 51% of their proceeds. Furthermore respondents mentioned that the government is no longer affording to borrow money from the IMF and World Bank because of poor relationship with European countries and long outstanding debt hence low government revenues which then results in funding gap. This is in line with what was said by Makosiri (2014) who said that the government of Zimbabwe is no longer having access from international funding because of its outstanding arrears. It can therefore be concluded that politics and budget deficit can cause funding gap in all institutions that rely on government for funding.

#### **4.2.3 What do you think are the funding options for capital projects?**

Information gathered from most respondents revealed that funding through PPP and donor funding are good finding options for capital projects. However it is uncertain with donor funding since it involves a lot of stages and they are at times seasonal. Adding on to that respondent revealed that universities can also engage in pet businesses like tuck shops within those areas where students stay. Moreover respondents suggested that universities can raise funds through tuition fees that are through increasing tuition fee or increase the number of students enrolled per semester. However some respondents said that this may have repercussion effects of inadequate learning facilities and drop out.

Basing on the findings above it can be clearly seen that funding through PPP, tuition fee and donor funding are some of the better funding options among other. This is in line with Ibrahim (2006) who noted that Nigerian universities have to be funded by PPP since the government is facing financial problems. Barlow et al (2013) also supported this saying Asian government is engaging PPP for public construction and operating hospital though government fears to harm private sector efficiency. Nicely (2002) said that it is necessary to have private donors to augment public resources for major projects. Teixeira et al (2006) noted that funding gap of higher education can be augmented by tuition fees since the government has insufficient funds to finance its projects. Therefore universities can fund capital projects using various funding options like PPP, tuition fees and through donor funding.

#### **4.2.4 Do you think there are challenges in implementing funding options?**

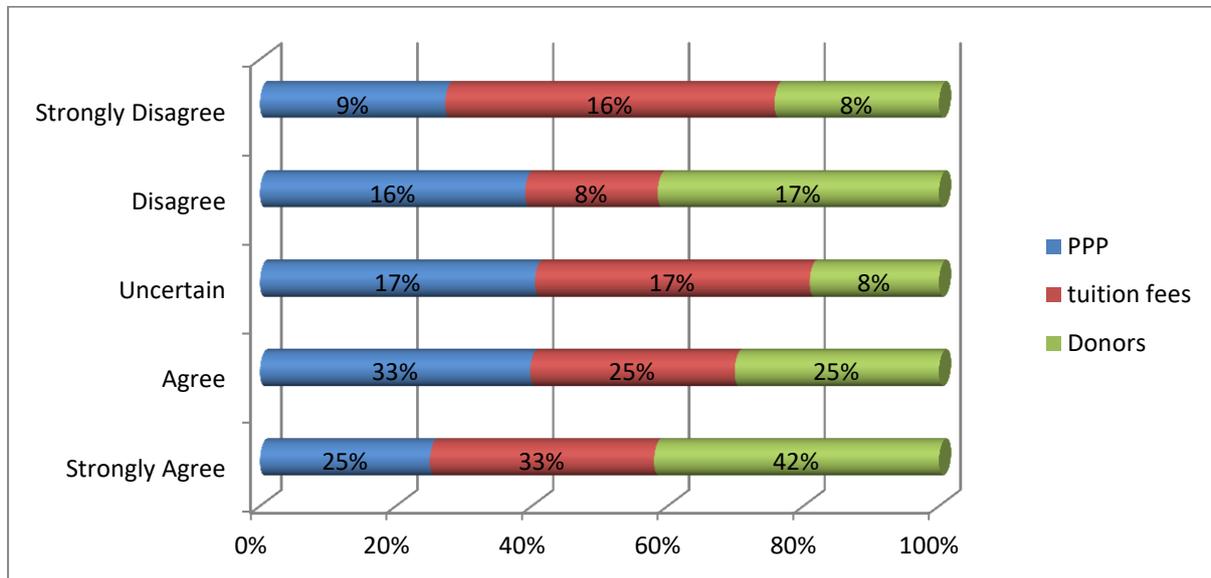
Information collected from the majority of respondents unveiled that funding through PPP is inhibited with poor designed and structured projects. On implementing donor funding as an option the challenge is of accountability and project evaluation complexities and when implementing the option of tuition fees the barrier is that tuition fee has a ceiling and some may not be able to pay their fees on time and some ends up dropping out. Other respondents also revealed that political environment, lack of knowledge as to how the activity has to be carried out, bureaucracy during processing for example in donor funding and lack of enough resources especial on tuition fees among others are challenges of implementing other funding options. Furthermore respondents unveiled that implementation of funding option can only be successful if state universities allocate those tasks to people with qualifications and the zeal to work on that.

From the above responses obtained from various departments it can therefore be concluded that the implementation of PPP, donor funding and tuition fee among others has a lot of challenges. This argument is in congruent with what was said by the following scholars as cited in chapter two. According to Mahalingam (2010) challenges of implementing PPP in public sector are sited as lack of political willingness to develop the private public partnerships, the absence of an enabling institutional environment for public private partnerships, lack of project preparation capacity on the part of public sector and poor designed and structured PPP projects. Afande (2013) denoted that lack of accountability, project evaluation complexities, fund disbursement bureaucracies and multiple objectives and tasks can inhibit the implementation of funding options. Lepori et al (2007) also said that tuition fees cannot fund universities since there is a fee ceiling and some students may not afford to pay their fees on time.

#### **4.3 Best practice of capital funding for state universities**

This question seeks to find out best practices state universities can employ to fund their capital projects.

**Fig 4.1.11 best funding practice**



### **Funding through PPP**

fig 4.5 above shows that 3/12 (25%) of respondents disagree, 2/12 (17%) were uncertain and the remainder which is 7/12 (58%) do agree that funding through PPP is one the best practise state universities can engage in order for them to raise funds for capital projects. From the above findings it can be concluded that funding through PPP is the best practise to fund capital projects. This is in congruent Tan et al (2012) who states that PPP are designed to fund public institutions to avoid borrowing costs. Liu (2014) in support to what was said by Tan postulates that PPP in Australia are helping in building schools and hospital and servicing of roads. However,

Sadka (2007) argued that PPP are not genuine partners in sharing risk and profits, they are meant to disguise conventional contracting undertaken that are subject to standard budget process. This is in line with the 25% of the population sample which disagree that PPP is the best practise.

### **Funding through tuition fees**

From fig. 4.5 above 2/ 12 respondents strongly disagree, 1/12 disagree and 2/12 were uncertain if funding through tuition fees is the best practise to raise funds for capital projects. Of the total population sample 7/12 (3 agree and 4 strongly agree) respondents agree that tuition fee is the best funding option. This shows that a total of 58% of the population sample agree while 24 of the same population sample disagree. Therefore it can be concluded that financing capital projects through tuition fees is one of the best practise. This is in line with Teixeira et al (2006) who noted that funding gap of higher education can be augmented by tuition fees since the government has insufficient funds to finance its projects. However, Lepori et al (2007) opposed this saying tuition fees cannot Fund University since there is a fee ceiling and some students may not afford to pay their fees on time, universities can still face the gap. Lepori's arguments are in congruent with the 24% of the population sample which disagree that that funding through tuition fee is the best practise. Generally the researcher can conclude that funding through tuition fee is the best practise.

### **Donor funding**

Fig 4.5 above indicates that of the total population sample 5/ 12 respondents strongly agree that donor funding is one of the best options, 2 out of 12 also agree. However 3/ 12 disagree (1 strongly disagree and 2 disagree) and only 1/12 was uncertain. This shows that 67% of the population sample agree, 25 % disagree and 8% uncertain. From the above findings it can be concluded that donor funding is the best option for funding capital projects. This is supported by Huebner (2012) who said that capital projects in higher education can be funded through donations. Nicely (2002) also supported this saying it is necessary to have private donors to augment public resources for major projects. However, Brannonos (2001) argued that private donors are secure in donating to private foundation than donating to government as their

worries is that they might add to government coffers, in private institutions donor funds are used in the manner they intended. Brannonos's arguments are in line with the 25% of the population sample which disagree that donor funding is the best funding option for state universities.

## **CHAPTER 5**

### **RECOMENDATIONS, CONCLUSIONS AND SUMMARY**

#### **5.0 INTODUCTION**

This chapter is going to give a remark on the outcomes of the study. It sums up the main research findings and implications and these furnish a centre on which conclusions are drawn and recommendations granted. The chapter will focuses on the summary of chapters, research findings, conclusions from the study; recommendations made and suggest areas that may need further research.

#### **5.1 CHAPTER SUMMARIES**

##### **Chapter 1**

In this chapter the researcher brings out the funding gap on capital projects faced by state universities in Zimbabwe. Midlands State University has limited financial resources to undertake its capital projects. Funding of public physical structures lies in the hands of government. Zimbabwean government is facing financial problems which end up failing to finance its ministries. This problem is also faced by Nigerian and Kenyeen universities where the quality of education has deteriorated due to funding problems. In this research the researcher found out that there is a funding gap on capital projects where government is not able to fund these structures in developing countries.

##### **Chapter 2**

This chapter gave us the literature review in relation to funding gap. It compiles information gathered by other scholars on this subject. Evidence to support that funding gap in state universities do exist was clearly shown when Mutula (2002) states that in Kenya state

universities are not adequately funded by government which results in poor results. This is also the case in Zimbabwean universities as revealed by other scholars. Okebuka (2002) also denotes that Nigeria used to be the best and in the forefront in the sub Sahara Africa from 1960 to the late 80s in terms of quality and quantity of research output, however the trend is said to have changed and it required a cooperative effort of all stake holders to mark a new dawn through improvement of university education. Scholars in this chapter were also used in data analysis as evidence to support the researcher's findings.

### **Chapter 3**

In this chapter, research methodologies, research instruments data collection methods, sampling methods and techniques were outlined. The researcher used mixed research method where both qualitative and quantitative approaches were used in data collection. The chapter also outlined data presentation and data analysis procedures that the researcher used. Data collection tools used by the researcher were also outlined. The researcher's targeted population was twenty individuals used questionnaires and interviews as research instruments to gather primary data. The researcher's targeted sample was issuing thirteen questionnaires using likert scale and making five interviews

### **Chapter 4**

In this chapter findings gathered through questionnaires and interviews at Midlands State University were presented. Thirteen questionnaires were sent out and twelve of them were responded giving a 92% response rate. Three interviews were conducted from personnel in various departments. Data collected was presented and analysed using various presentation techniques like graphs, tables and charts. Results from the respondents also support the researcher's objectives and it was supported by the literature from other scholars Recommendations and conclusions are going to be drawn from this chapter.

## **5.2 MAIN RESEARCH FINDINGS**

### **5.2.1 The effects of funding gap at midlands state university**

From the information gathered in chapter four it is clear that there is a funding gap at MSU. The respondents revealed that as a result of the funding gap the university is no longer affording to complete its capital projects on time to the extent that some projects extend up to 10 years before completed. It also revealed that because of insufficient funding of capital projects the university is now resorting to the construction of temporary structures using poor quality material. Failure to complete structures on time results in shortage of accommodation, lecture rooms and libraries and this compromised the quality of education at the university. Moreover respondents also revealed that insufficient accommodation within the compass results in other students ending up securing their accommodation in Senga and Nehosho the nearby locations.

### **5.2.2 The causes of funding gap**

From the findings gathered from respondents it is revealed that funding gap is caused by a number of factors which are budget deficit, mismanagement of funds, poor funding policies and unstable political environment among others. Respondents also revealed that unfriendly political situation in the country prohibits investors hence low government revenues and this results in poor funding of state universities.

### **5.2.3 Other funding options for capital projects**

The respondents revealed that universities can fund their capital projects through, public private partnerships, donor funding and through tuition fee through building levy

### **5.2.4 Challenges of implementing funding options**

From the information gathered from respondents it is revealed that there are number of challenges faced when implementing other funding options which are, poor designed and structured projects for implementing PPP. On implementing donor funding as an option the challenge is of accountability and project evaluation complexities and when implementing the option of tuition fees the barrier is that tuition fee has a ceiling and some may not be able to pay their fees on time and some ends up dropping out.

### **5.3 Conclusion from study**

In conclusion respondents revealed that funding gap can results in failures to complete capital projects on time and this has a greater effect to quality of education. Respondents also revealed that poor political environment and budget deficit are the major causes of funding gap in state universities. However respondents also suggested state universities can venture into other funding options like PPP, donor funding and funding through tuition fees. However these funding options have challenges to implement.

### **5.4 Recommendations**

- The introduction of PPP will help the university in the construction of student hostel because the private sectors want to be involved where they will benefit. The private partner will construct the hostels and collect the revenue from residence fees for an agreed period of time and then hand over the building to the university. This will help the university to accommodate its students in proper and dignified place.
- The introduction of building levy on the fees levied to students will help the university to build some of its structures like lecture rooms, administration buildings and libraries.

- University can also engage in fundraising activities for one off projects and seeking donations in construction of libraries.

### **5.5 Areas of further study**

The findings of study indicated that the use of retained earnings as a source of funding is not preferable if the profitability of the organization is low. The study therefore indicated that other sources of funding such as debt funding should be considered. The respondents also agreed with the scholars in suggesting that debt funding should be considered. Those who are in charge of corporate governance at the Institute should research further on the practicability of a debt funding policy for professional bodies and its effects on the debt equity ratio, profitability and other operations of the institute.

### **5.6 Summary**

This final chapter summarized all the main research findings and implications; these provided the centre on which conclusions were drawn and recommendations given. That is this chapter focuses on the summary of chapters, main research findings, conclusions from the study, recommendations made and further research areas were suggested.

## Reference list

1. Abaya Gerardo. J, Fajgelj, A., Bode, P., Vermaercke, P., & Bickel, M. (2009). Quality system implementation in Member States of the IAEA. *Accreditation and quality assurance*, 10(11), 583-589.
2. Abdessalem .T, (2011). Scope, relevance and challenges of financing higher education: the case of Tunisia. *Prospects*
3. Afande, O. F. (2014) 'Factors affecting use of donor aid by international non-governmental organizations in Kenya' A case of USAID.
4. Agarwal, B. D., Broutman, L. J., and Chandrashekhara, K. (2006). *Analysis and*
5. Barlow, J., Roehrich, J., & Wright, S. (2013). Europe sees mixed results from public-private partnerships for building and managing health care facilities and services. *Health Affairs*, 32(1), 146-154.
6. Biti T (2012) The 2013 National Budget Statement, 19 December, 2012
7. Bonser, S. P., Davidson, A. M., Finnegan, E. J., Mathesius, U.& van Kleunen, M. (2010). Plant phenotypic plasticity in a changing climate. *Trends in plant science*, 15(12), 684-692.
8. Booth, M. L. (2012) 'International physical activity questionnaire', 12-country reliability and validity. *Medicine & Science in Sports & Exercise*, 195(9131/03), 3508-1381.
9. Bothra, R. (2012). Striving towards a Green India Inc.: A Critical Essay on the Environmental Policies of the Indian Corporations. *NUJS L. Rev.*, 2, 243.
10. Brynard, S. (2014). The Influence of School Organisational Variables on School Violence in the Eastern Cape Province, South Africa. *Mediterranean Journal of Social Sciences*, 5(20), 1136.
11. Burk. P.(2013) 'Donar Centered Fundraising', Cygnus Applied Research

12. Burns, R. B. (2011) *'Introduction to research methods'*, Addison Wesley Longman.
13. Burr. M (2013) priority needs for Zimbabwean Universities. Research and Networking. SARUA
14. Busler M. (2014) 'The role of properly structured public –private partneships in promoting economic development', World journal of entrepreneurship.
15. Cabello, M., Chiappe, F., Crawford, L., De, S., ... & Jakobsen, M. (2011). Growth in Indonesia: is it sustainable?.
16. Carey, M. (2011). Credit risk in private debt portfolios. *The Journal of Finance*, 53(4), 1363-1387.
17. Chivore and Tarirai G.I. (2007) *'Empowering Small Business: The Effectiveness of Public Organizations in Small Business Development'*, Diss. Columbia University.
18. Cohen P. (2008) 'Funding University student accommodation, *Journal of Property Finance* Vol. 4 Iss: 1
19. Collis, J., & Hussey, R. (2003) *'Business research'*, Basingstoke eNH NH: Palgrave Macmillan.
20. Creswell, J. W. (2012) *'Qualitative inquiry and research design', Choosing among five approaches*: Sage publications.
21. Darrel, L. and Dundar, H. (2010) 'Equity Effectsv of Higher Education in Developing Countries', *Khazar journals of Humanities and social science*, Vol. 3 No 3(5).
22. Davis J. (2009) 'OECD Review of Tertiary Education': Finance Land
23. Dosa, M. L. (2000). Education for new professional roles in the information society. *Education for information*, 3(3), 203-217.
24. Ebaid, I. E. S. (2009). The impact of capital-structure choice on firm performance: empirical evidence from Egypt. *Journal of Risk Finance, The*, 10(5), 477-487.

25. Ekundayo, H. T., & Ajayi, I. A. (2006). Towards effective management of university education in Nigeria. *International NGO journal*, 4(8), 342-347.
26. Elliot, J. (2009). *Action research for educational change*. McGraw-Hill International.
27. Emmanuel I., and Catherine E. Obang.(2012) 'Tourism: A Strategy for Sustainable Economic Development in Cross River State Nigeria'. *International Journal of Business and Social Science* 3.5 124-129.
28. Estache, A. (2008) '*Infrastructure services in developing countries: access, quality, costs, and policy reform* (Vol. 3468): World Bank Publications.
29. Fay, M., & Morrison, M. (2007) '*Infrastructure in Latin America and the Caribbean', recent developments and key challenges*'. World Bank Publications.
30. Ferdinal, P. (2013). Party funding and political corruption in East Asia: The cases of Japan, South Korea and Taiwan. *Funding of Political Parties and Election Campaigns*, 55-68.
31. Fielding, N. G. (2007). *Computer analysis and qualitative research*. Sage.
32. Flick, U. (2011) '*Introducing research methodology', A beginner's guide to doing a research project*. Sage.
33. Franklin, C. (2012). Reliability and validity in qualitative research. *The handbook of social work research methods*, 273-292.
34. Gachuhi. P (2011). *The extent of mobile commerce adoption by selected small and medium enterprises in the central business district of Nairobi, Kenya*.
35. Gherghina, R., & Crețan, G. C. (2012). Education funding methods in European states. *Journal of Knowledge Management, Economics and Information Technology*, 2(5).
36. Goodrun, G., Kidwell, K. B., & Winstons, W. (2009). *NOAA KLM user's guide*. Washington, DC: NOAA. NESDIS/NCDC/CSD/SSB.

37. Greef, E. D., & Suytack, S. (2008) '*Custom memory management methodology: Exploration of memory organisation for embedded multimedia system design*', Kluwer Academic Publishers.
38. Hawkins, N (2009). Who Does the Numbers? The Role of Third-Party Technology Assessment to Inform Health Systems' Decision-Making about the Funding of Health Technologies. *Value in Health*, 12(2), 193-201.
39. Hodges. J (2008). Private Infrastructure Development. Group Background and Overview. Paper Presented at a conference on financing water and growth in Africa.
40. Holloway, I., & Freshwater, D. (2009). *Narrative research in nursing*. John Wiley & Sons.
41. Huebner, G. (2012). Catalytic power of pyruvate decarboxylase. Rate-limiting events and microscopic rate constants from primary carbon and secondary hydrogen isotope effects. *Journal of the American Chemical Society*, 113(22), 8402-8409.
42. Ibrahim. W "Estimation of infrastructure transition probabilities from condition rating data." *Journal of infrastructure systems* 1.2 (1995): 120-125.
43. Jackson, M. (2011) 'Network structure and the speed of learning', Measuring homophily based on its consequences. *Available at SSRN 1784542*.
44. Jameson, K. P. (2011). The Indigenous Movement in Ecuador The Struggle for a Plurinational State. *Latin American Perspectives*, 38(1), 63-73.
45. Jones, J. (2010). Qualitative research: consensus methods for medical and health services research. *Bmj*, 311(7001), 376-380.
46. Kachoka, N., & Hoskin R. (2009). Measuring the quality of service. A case of Chancellor College Library. University of Malawi. South Africa journals of libraries and information Science.

47. Kalama, J. , Etobu, C.E Martha C.A, & John, C.M. (2012). Legisture Jumbo Pay Cost of Government and the state of Education of Nigeria: Issue and Contributions. *Journal of Education and social Research*.
48. Kanyongo, Gibbs Y.(2007) "Zimbabwe's Public Education System Reforms: Successes and Challenges." *International Education Journal* 6.1 65-74.
49. Kernaghan, K. (2008). Partnership and public administration: conceptual and practical considerations. *Canadian Public Administration*, 36(1), 57-76.
50. Kling, R. (2010) "Hopes and Horrors: Technological Utopianism and Anti-utopianism in Narratives of Computerization," in *Computerization and Controversy*, Kling, R. (Ed.) Academic Press, San Diego
51. Klonowski, D. (2006). Venture capital as a method of financing enterprise development in Central and Eastern Europe. *International Journal of Emerging Markets*, 1(2), 165-175.
52. Leland, B. A. (2013). Description of several chemical structure file formats used by computer programs developed at Molecular Design Limited. *Journal of chemical information and computer sciences*, 32(3), 244-255.
53. Lepori, B,M, Benningoff, B. Jongblood, C, Salerno and S.Slipsaeter (2007). Changing Models and Parttens of higher education funding: Some empirical evidence in A. Bonaccorsi and C. Daraio. *Universities and Strategic Knowledge, creation specialization and performance in Europe*, PRIME Series on Research and Innovation Policy in Europe. Chelternham: Edward Elgar Publishing Limited.
54. Liu, X. (2014). Equitable financial evaluation method for public-private partnership projects. *Tsinghua Science & Technology*, 13(5), 702-707.

55. Lowry, R. C, Alt, J. E. (1994) 'Divided Government, Fiscal Institutions, and Budget Deficits: Evidence from the States', *American Political Science Review*, 88(04), 811-828.
56. Mahalingam, A. (2009). PPP experiences in Indian cities: barriers, enablers, and the way forward. *Journal of Construction Engineering and Management*, 136(4), 419-429.
57. Mankiw. G (2007) 'Consumption, income and interest rates: Reinterpreting the time series evidence'. *NBER Macroeconomics, Volume 4*. MIT Press, 1989. 185-246.
58. Martin, R., & Randal, J. (2008). How is donation behaviour affected by the donations of others?. *Journal of Economic Behavior & Organization*, 67(1), 228-238.
59. Mayekar, S. (2013) Enhancement of quality in higher education. *Indian Streams Research Journal*. 3:3. P1-5.
60. McGrath Marriane Horton, (2011). A post occupancy evaluation study of students accommodation in an MMC/modular building, *Structural Survey*, Vol. 29 Iss 3 pp. 244-252
61. Mouton, J. (1996). *Understanding social research*. Van Schaik Publishers.
62. MSU Internal Audit Report 2013
63. MSU Management account (2013)
64. MSU strategic document (2011)
65. Muchena, Olivia N.(2013) "The changing perceptions of women in agriculture." ). *Zimbabwe agricultural revolution. University of Zimbabwe, University of Zimbabwe Publications, Harare.(p348-360)*.
66. Mutula, S. M. (2002). University education in Kenya: current developments and future outlook. *International Journal of Educational Management*, 16(3), 109-119.
67. Namasivaya, D., Patnaik, B. K., & Thampy, R. T. (2009). Graft copolymerization of methyl methacrylate onto cellulose. *Die Makromolekulare Chemie*, 105(1), 144-153.

68. Nicely, D.D. (2012). Private Funding for Capital Projects. *The bottom line : Managing Library Finance* 15, 163-166.
69. Nyamute M. (2007). *Alternative Methods of Financing Education: All Africa.com: Nairobi. Kenya.*
70. Obang.(2012) ‘Tourism: A Strategy for Sustainable Economic Development in Cross River State Nigeria’. *International Journal of Business and Social Science* 3.5 124-129.
71. Oguntoye, A. O. O. (2000). Funding higher education in Nigeria: crucial issues.
72. Okebuka, P. (2009). Quality assurance and accreditation in higher education in Sub-Saharan Africa. In Tres, J. & Sanyal, B. C. (Eds.), *Higher Education in the World 2007: Accreditation for Quality Assurance: What is at Stake?* (pp. 188-200). New York: Palgrave Macmillan.
73. Okoja V. (2010). Innovative financing for university libraries in sub Sahara Africa: *Library Management* 31:6, pp 404-419.
74. Ottichilo, W. K., J. Grunblatt, et al. (2014). Wildlife and livestock population trends in the Kenya rangeland. *Wildlife Conservation by Sustainable Use*, Springer: 203-218.
75. Parson, L. A., & Duane, J. (2004). Faculty mentoring faculty in a public university. *The Journal of Higher Education*, 174-193.
76. Peterson, J. (2006). The EU and the new trade politics. *Journal of European Public Policy*, 13(6), 795-814.
77. Public Financial Management Act [Chapter 22:19] Zimbabwe Printers 2009
78. Rioja, F. K. (2010). The penalties of inefficient infrastructure. *Review of Development Economics*, 7(1), 127-137.
79. Rubin, A., & Babbie, E. (2011). *Essential research methods for social work* (3rd ed.) Stamford, CT: Brooks/Cole Cengage Learning.

80. Sadka, E. (2007). Public-Private Partnerships—A Public Economics Perspective. *CESifo Economic Studies*, 53(3), 466-490.
81. Sfakianakis E., Van de Laar M. (2013). Fiscal effects and Public risk in public-private partnerships, *Built Environment Projects and Asset Management*, Vol 3 Iss:2, pp181-198.
82. Smith, S. L. (2010). Getting More by Asking for Less: The Effects of Request Size on Donations of Charity<sup>1</sup>. *Journal of Applied Social Psychology*, 17(4), 392-400.
83. Stone F, (2009). Deconstructing Silos and supporting collaboration. Wiley Periodicals, DOI. 1002/ert. 20001.
84. Tan, K. C. (2009). *Stimulating carbon efficient supply chains: carbon labels and voluntary public private partnerships* (Doctoral dissertation, Massachusetts Institute of Technology).
85. Tandberg, D. A. (2008). The politics of state higher education funding. *Higher Education in Review*, 5, 1-36.
86. Teixeira, P. (2006). Program diversity in higher education: an economic perspective. *Higher Education Policy*, 13(1), 99-117.
87. Trafford S T P, (2006). Successful joint venture partnership: public-private partnership, *International journal of public sector Management*, Vol. 19 Iss 2 pp. 117-129.1
88. Tunde, O.K., Abdulraheem I. (2013). The quality of Nigerian higher education and the funding of library resources: *Ozean journal of social science* 6(2): Ozean Publication.
89. Van Ham, H., & Koppenjan, J. (2001). Building Public-Private Partnerships: Assessing and managing risks in port development. *Public Management Review*, 3(4), 593-616.

90. Walker, M. (2006). *Higher education pedagogies: A capabilities approach*. McGraw-Hill International.
91. Wang, X. R., & Lin, C. J. (2007). Liblinear: A library for large linear classification. *The Journal of Machine Learning Research*, 9, 1871-1874.
92. Webb, L. D., Metha, A., and Jordan, K. F. (2009). *Foundations of American education*. Merrill.
93. Wilson, J. (2008). Elements of not-for-profit services: a case of university student accommodation. *European Journal of Marketing*, 26(12), 56-71.
94. Zhu, G. H., & Chen, G. F. (2002). Systematic Impediments To Financing By Private Firms [J]. *Economic Theory and Business Management*, 9, 003.
95. Zikmund, W., Babin, B., Carr, J., & Griffin, M. (2012). *Business research methods*. Cengage Learning.
96. Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset 2013)

## APPENDIX A

Midlands State University

P.Bag 9055

Gweru

October 2014

Dear Sir/Madam

### **RE: Request for permission to carry out a research**

I am a student studying with the above mentioned institution and I am seeking your permission to carry a research on the topic bellow.

**“An exploration of the funding gap on capital projects, a case of MSU”**. This is a requirement in partial fulfilment of the Bachelor of Commerce Accounting Honours Degree.

You are assured that the information obtained as a result of this study shall be treated as confidential and shall be used for academic purposes only.

Your contribution to this research is greatly appreciated

Yours faithfully

Ntombizodwa Makaza

Reg No R0643641

## **APPENDIX B**

Midlands State University

P.Bag 9055

Gweru

October 2014

Dear Sir/Madam

### **RE: Letter of introduction**

I am a student studying with the above mentioned institution and I am permission to carrying out a research on the topic bellow.

**“An exploration of the funding gap on capital projects, a case of MSU”**. This is a requirement in partial fulfilment of the Bachelor of Commerce Accounting Honours Degree.

You are kindly requested to complete the questionnaires attached herein. Please be assured that the information obtained shall be regarded as confidential and shall be used for academic purposes only.

Your contribution to this research is greatly appreciated

Yours faithfully

Ntombizodwa Makaza

Reg No R0643641

## Appendix C

### Questionnaire

#### Instructions

- Do not write your name on the questioner
- Show answer by ticking the respective answer and fill in the relevant space provided

#### Questions

1. The following are the effects of funding gap at Midlands State University

	Strongly Agree	Agree	Uncertain	Strongly Disagree	Disagree
Incompletion of project at stipulated time					
Construction of temporary structures					
Insufficient lecture rooms and students accommodation					

2. Causes of funding gap at state universities

	Strongly Agree	Agree	Uncertain	Strongly Disagree	Disagree
Political factors					
Government budget deficit					

3. Options of financing capital projects

	Strongly Agree	Agree	Uncertain	Strongly Disagree	Disagree
Public Private Partnerships					
Donstions and fundraising activities					
Debt Financing					
Funding through tuition fees					

4. Challenges of implementing funding options

	Strongly Agree	Agree	Uncertain	Strongly Disagree	Disagree
Political environment					
Complexity of donations					
Increase in tuition increase in fees results in students not completing their programs					
Debt financing attracts high interest rates					

5. Best practise

	Strongly Agree	Agree	Uncertain	Strongly Disagree	Disagree
Are Public Private Partnerships best practises					
Is Donor Funding and fundraising activities					

the best practise					
Is Debt Financing the best practise					
Is Funding through tuition fees the best practise					

## Appendix D

### Research project interview guide

#### Interviews questions

1. What are the effects of funding gap at Midlands State University?

.....  
.....

2. What are the causes of funding gap?

.....  
.....

3. What are the funding options for capital projects?

.....  
.....

4. What are the challenges of implementing funding options?

.....  
.....

5. What do you think are the best ways of funding capital projects in Zimbabwe?

.....  
.....

6. Any other contributions on funding gap

.....  
.....  
.....



