PRIVATE RATES OF RETURN TO INVESTMENT IN TECHNICAL EDUCATION: A CASE OF MANUFACTURING INDUSTRIES IN THIKA, KIAMBU COUNTY, KENYA

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ABSTRACT

In Kenya, Technical Vocational and Educational Training (TVET) is yet to produce adequate and skilled middle level human resource required to meet the demands for national development with the anticipated ratio of 1:3:12:60 for technologists, technicians, crafts persons and artisans respectively. TVET enrolment in Kenya has increased by 16.4 percent from 2006 to 2011. That notwithstanding, the enrolment in these levels vary. The government of Kenya needs to achieve a ratio of 1:3:12:60 by 2015 of a technologist (engineer), technician, crafts-person and artisan compared to the ideal ratio of 1:2:4:16. For industrial takeoff, the country should be having at least over 30,000 thousand engineers and engineering technologists. This means that the economy will require at least 7,500 engineers, 22,500 engineering technologists, 90,000 engineering technicians, and 450,000 artisans (craft persons). The pertinent question therefore that the study sought to address was: why has it been difficult to attain the target ratios? Why is the skill imbalance continuing? Could it be that some levels of TE are more profitable than others and therefore preferable? This study therefore sought to determine the level of TE with the highest Private Rate of Return among the four levels.

The study objectives aimed to: establish direct private costs of a technical skilled worker spent in obtaining different levels of TE, their lifetime earnings, the Private Rates of Return (PRR) to different levels, the relationship between personal characteristics and lifetime earnings and difference in PRR between self-employed and salaried skilled technical workers in Thika. A sample size of 276 respondents was used. Stratified and simple random sampling techniques were used to select the respondents. A questionnaire for skilled technical workers was used to gather information on costs, levels of TE, earnings and personal characteristics. Findings of the tested hypotheses revealed that: private direct costs of TE were significantly different at a p value of= 0.000. There was a positive relationship between lifetime earnings and TE levels at p value of =0.000. Further, there was a significant difference in PRR across the four the levels. There was a positive relationship between personal characteristics and earnings at p=0.000 and that there was no significant difference in PRR by type of employment at p=0.8136 and t statistics of 0.2361. The study concluded that higher diploma is the most expensive but profitable level and lifetime earnings increase with TE levels. PRR by type of employment are similar. The study recommended that individuals investing in TE should opt for extra TE expertise, the national government should introduce free TE for the first three levels and increase bursary to investors as an incentive. Individuals investing in TE should study early in order to reap optimal
returns and the national governments should strengthen the components of TE within the secondary school curriculum.