

ABSTRACT

The exponential growth of graduates in Kenya public universities has raised quality concerns by employers on the skills of the graduates to meet industry needs. In finance, the study was to determine the relationship of the funding sources and quality of education in Kenya public universities using a case approach. The researcher adopted a mixed approach in the research design where both qualitative and quantitative methods were used to analyze the relationship of the study variables. The data collection instruments were: an interview guide, a focus group discussion (FGDs) guide, a student's survey questionnaire and secondary document analysis. Data was collected from October to December 2014 in the case university from a sample population of 10 top university management staff, 36 heads of department (HODs) and 400 undergraduate students. The researcher used education production function model and the service quality model to estimate the quality of education. The validity of the data collection instruments was established through scrutiny by thesis supervisors. To measure the scale of reliability of the students' questionnaire cronbach alpha formula was used during the testing stage and returned a coefficient of 0.88. The researcher used multiple regression analysis to determine the association and the relationship between the study variables with aid of statistical package for social science (SPSS) version 20.0. The findings were sources of funds were positively related to quality of education. The conclusions of the study were that, the sources of funds had a positive effect though the results were not significant, while government capitation funds, tuition fee funds and other sources of funds were significant to quality of education in the institution ($P=0.30$, $P=0.018$, $P=0.000$). The study recommended the creation of an independent buffer body, the adoption of performance based funding (PBF) and proposed a model of funding for public higher education to enhance the quality of education. The study recommends further research with other public universities to compare the quality of education.