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Private Schools and Student Learning Achievements in Kenya

By Fredrick Wamalwa and Justine Burns

In a number of sub-Saharan African countries, evidence shows that the elimination of user fees in public primary schools was followed by dramatic increases in private schools. The rise in private schools has been associated with high demand for school places in the face of limited supply of quality schools from the government. Majority of these schools have been born out of community or private initiatives to establish schools mainly within the urban informal settlements, schools that levy low fees, referred to in the literature as low-cost private schools.

The effectiveness of private schools has also been discussed in the recent literature, including literature focusing on developing countries. Majority of these studies find that relative to public counterparts, private schools are better at promoting student achievements, mainly measured in terms of test scores. The validity and magnitude of the private school effect is however still debated, questioned and subject to further research. Some researchers argue that such private school advantage may be due to spurious correlations between private school attendance and unobserved student and family characteristics. Put differently, children who attend private schools may already have high academic potential or even access to complementary educational resources in a manner that is not easily observable to the researcher. The challenge is therefore accounting for such possible selection into private schools.

Despite the dramatic increases in private school provision in sub-Saharan African, only a few studies attempt to account for selection into private schools when analysing their effects. In this paper, we use rich household survey data to estimate the effect of private schools on literacy (language) and numeracy (maths) skill acquisition among children mainly drawn from lower primary grades in Kenya, a typical sub-Saharan African country. Our main contribution to the literature lies in our attempt to account for the endogeneity of private school choice. We do so by using different econometric techniques. We begin with the OLS as a baseline model. We then estimate the family fixed effects models that control for unobservables at the household levels. We proceed to check the potential size of any bias on the estimated coefficient of the private school variable due to unobservable selectivity in the OLS and the FE models. We supplement the OLS and fixed effects models with a non-parametric estimation technique, that is, propensity score matching (PSM). Similarly, we also check the extent to which our estimates based on PSM suffer from hidden bias (unobservables).

We find a positive and significant private school advantage across all the estimated methods on both literacy and numeracy skills. In maths, the premium ranges from 0.13 to 0.18 score standard deviation, based on the household FE and OLS models, respectively. Similarly, in language, the premium ranges from 0.21 to 0.27 score standard deviation, based on the household FE and OLS models, respectively. Since private school choice takes place at the household level, it is likely that a substantial part of the

unobservables are accounted for by the household fixed effects model. It is for this reason that we believe that the household fixed effects model yields smaller coefficients of the private school effect.

The finding that private schools are associated with better student achievements has clear implications for policymakers. Expanding access to private schools provides an opportunity to deal with the challenge of declining quality of education in Kenya. We foresee two policy approaches. The first policy option includes implementing the school voucher system, a strategy that combines private provision of education with public finance, a common practice in the USA and Latin America. The school voucher system involves the government giving parents funds to pay for their children's education in private schools. The second policy option involves integrating, into the current public education school system, pedagogical techniques and organizational structures of private schools.