

Tuesday 9 April

* Economics

Session 1: Opening and welcome

9:00 – 10:30 Chair: **Dr Mark Orkin**, President, HSRC
Opening Address by the Minister of Education, Professor Kader Asmal

10:30 – 11:00 Tea/Coffee

Session 2: Understanding the private higher education sector: the HSRC study

11:00 – 12:30 Chair: **Dr Richard Fehnel**
Associate Professor Glenda Kruss
More, better, different: a qualitative study of private higher education

12:30 – 13:30 Lunch

2012

Session 3: A comparative perspective

13.30 – 15:00 Chair: **Dr Andre Kraak**, HSRC
Keynote:
Professor Daniel Levy
Profits and Practicality: How South Africa epitomizes the global surge in commercial private higher education

15:00 – 15:30 Tea/Coffee

Session 4: Understanding the private higher education sector: size and shape issues

15.30 – 17:30 Chair: **Dr Mokubung Nkomo**, HSRC
Mr Chief Mabizela
A Historical Overview of the Development of Private Higher Education in South Africa
Dr George Subotzky
A quantitative overview of private higher education in SA
Dr Jane Hofmeyr
The growth of private schooling. Lessons for the private higher education sector
Dr Richard Fehnel
Corporate Education: Global Trends and the Implications for South Africa
Respondent: Dr Beverly Thaver, EPU-UWC

Book Launch Cocktail Party

18:00 – 19:00
Transformation in Higher Education. Global Pressures and Local Realities in South Africa,
a project of the Centre on Higher Education Transformation, edited by Nico Cloete,
Richard Fehnel, Peter Maassen, Teboho Moja, Helene Perold and Trish Gibbon.

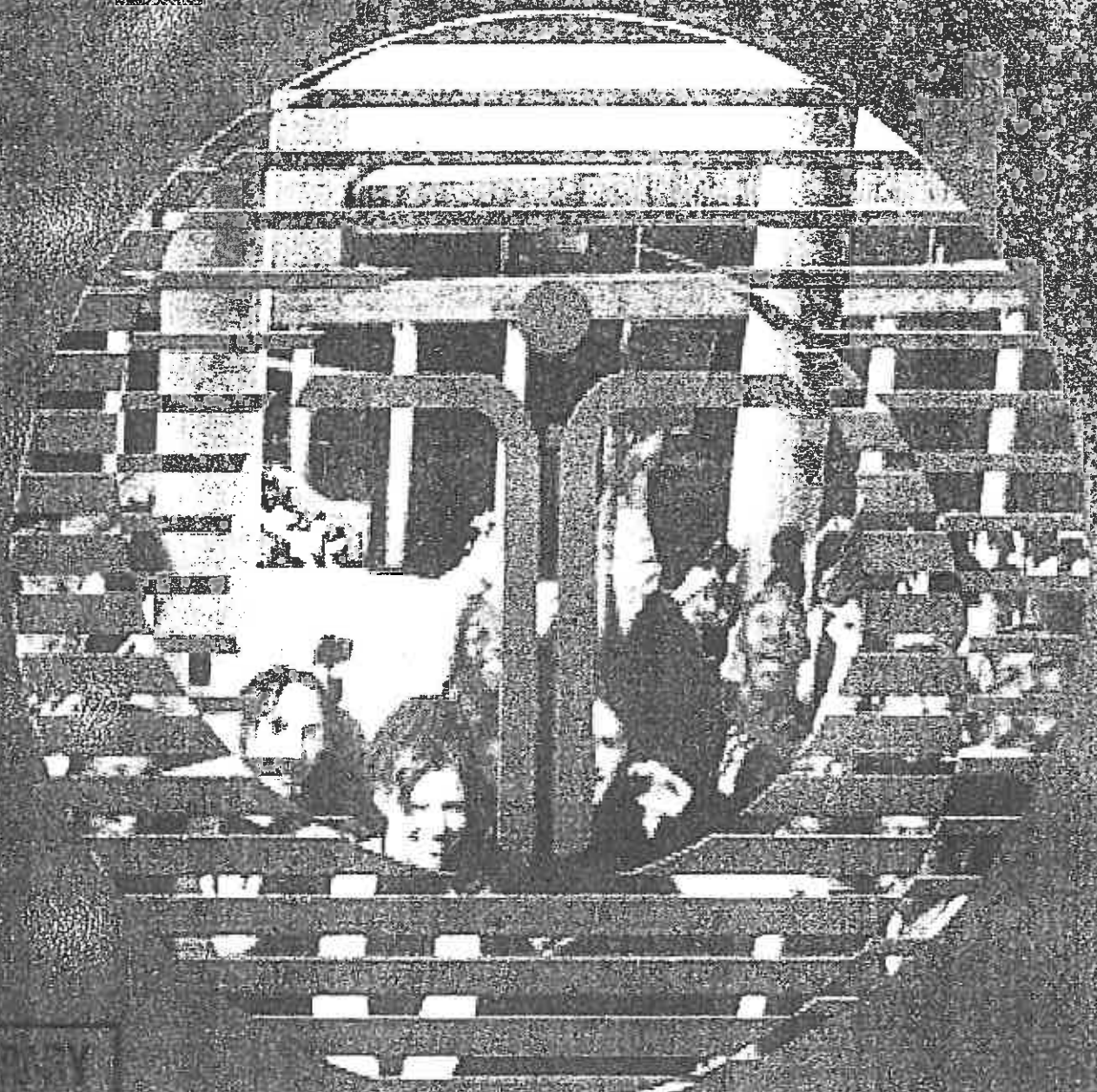
Dinner panel discussion: Key issues in Private Higher Education

19:30 Chair: **Prof J. Gerwel**, Chairperson, HSRC Council
Panel: Prof Dan Levy
Prof Simon Schwartzman
Prof Nasima Badsha
Dr Roy Marcus
Prof Roy Du Pre
Prof Peter Maassen

2012

Understanding Private Higher Education in South Africa

A COLLOQUIUM



Tuesday 9 April - Wednesday 10 April 2002

KOPANONG HOTEL, BENONI

HUMAN SCIENCES RESEARCH COUNCIL

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PRIV

Wednesday 10 April

Session 5: Policy, regulation and accreditation

9:00 - 10.30

Chair: **Dr Andrew Paterson**, HSRC

Keynote:

Prof Simon Schwartzman

*Variety, functions and regulation of private higher education:
a comparative view*

10:30 – 11:00 Tea/Coffee

Session 6: Promoting complementary roles

11:00 - 12.30

Chair: **Dr Azeem Badroodien**, HSRC

Mr Michael Cossier

Quality and Accreditation: The role of SAQA and the HEQC

Dr Andre Kraak

The importance of intermediate skilling at the Further-Higher Education interface

Mr Jim Yeomans

The Role of Private Providers of Higher Education and Training in South Africa

Respondent:

Dr Prem Naidoo, Council on Higher Education

12:30 – 13:30 Lunch

Session 7: The private and the public

13.30 – 15:00

Chair: **Ms Jeanne Gamble**, HSRC

Dr Isaac Ntshoe

Higher Education and Training:

Privatisation and Quasi-marketisation in Higher Education in South Africa

Prof. Ruth Jonathan

Higher education and the public good

Respondent:

Prof Nick Segal, UCT Business School

Session 8: An agenda for research and practice

15:00 – 16:00

Chair: **Glenda Kruss**, HSRC

Ntshoe
paper

**Higher Education and Training: Privatisation and quasi-marketisation in
Higher Education in South Africa**

Isaac Ntshoe

X

Abstract

This paper examines the influence of globalisation, privatisation and marketisation on public higher education in South Africa. It argues that in South Africa, as in the rest of the world, increasing globalisation, marketisation and private provision have coincided with cutbacks in government subsidies to higher education. Furthermore, these developments are facilitated by changes in the mode of knowledge production. It examines a case study of one South African university as an example of these developments.

The paper draws attention to conceptual distinctions between privatisation, marketisation and quasi-marketisation (also referred to as market *like* behaviour). The paper agrees with analysts who argue that changes in HET provision are more usefully understood in terms of marketisation rather than privatisation. However, while many commentators argue that developments in higher education are most accurately described in terms of quasi-marketisation, the case study reported here provides evidence of market practices as well as market like practices in the South African HET sector.

Higher Education and Training: Privatisation and Marketisation in Higher Education in South Africa¹

Isaac Ntshoe

Conceptualising globalisation

Generally, globalisation is underpinned by neo-liberal discourses relating to the role of the state in the economy, a cutback in state expenditure, deregulation, and liberalisation. Globalisation has variously been termed “McDonaldisation”, “Toyotism”, “post-Fordism”, or “neo-Fordism” (Brown and Lauder 1997:172-192; Dohse, Jurgens and Malsch 1995; Ritzer 1993). Currie (1998:16) argues that “although each takes a slightly different form, they all emphasise economic efficiency, and there is a tendency towards homogenising practices”.

Globalisation discourses place emphasis on economic efficiency through privatisation and marketisation (as well as managerialism, which is not discussed here). These concepts are frequently conflated, but a clear analysis requires differentiation between them.

Kwong (2000:90) and Marginson (1993) argue that since the free market rests on the principles of private ownership, private management, production, and distribution of goods, and the retention of profit in private hands, it is not surprising that privatisation and marketisation are often inextricably linked. However, privatisation implies the transfer of the ownership or administration of public organisations to private hands whereas marketisation implies the adoption of market practices that may or may not involve privatisation (*ibid.*).

Marginson (1993) and Whitty and Power (2000:94, 95) assert that, in many cases, marketisation might be a better concept than privatisation for what is happening in HET and that it is possible to have privatisation without marketisation, or the other way around.

¹ Acknowledgements to Heather Jacklin, University of Cape Town, for a critical reading of this paper.

Some commentators also argue that it is more appropriate to talk of *quasi-marketisation*, or market *like* behaviour in state-funded or state-provided services (Whitty and Power 2000:94; Mok 1997:261, Levacic 1995). The distinguishing characteristics of a quasi-market for public services are "separation of purchaser from provider and an element of user choice leading to competition between providers" (Levacic 1995:167). The "quasi-market is managed in such a way as to enhance customer choice and improve efficiency of provision by creating a split between purchaser and provider and instituting competition" (Mok 1997:261). An important point in analysing quasi-marketisation is that quasi-markets usually retain government regulation of such matters as entry by new providers, investment, quality of services and price (*ibid.*). Hence, 'quasi-market' behaviour differs from conventional market behaviour on both the supply and demand sides in a number of key ways (Mok 1997:261). Le Grand and Barlett (1993) argue that, while there is competition for customers on the supply side, the competing groups are not focused on profit (quoted by Mok 1997:261).

Marketisation, academic capitalism and private provision in HET.

Delanty (2000:212) argues that rather than having the state as the exclusive provider of financial resources, globalisation has brought about a changed HE-state-market triangular tension through cost cutting which induces public universities to depend on multiple sources of funding. Similarly, Bargh, Scott and Smith (1996:2), Barnett and Bjarnason (1999:105) and Sadlack (1999) argue that inter-institutional competition has intensified and this has resulted in university-state relations being recast in contractual terms with increasing government control over HET (Subotzky 1997; 1998). The need to compete has tilted the balance in higher education from internal, essentially academic concerns, to external issues concerning institutional positioning and reconfiguration of missions so as to survive (Altbach 2002; Bargh et al. 1996:2; Kraak (1997); Orr (1997).

Delanty (2001:108) argues that marketisation in HET generally takes the form "market-like behaviours", as opposed to market behaviour.

Market-like behaviours refer to institutional and faculty competition for money, whether these are from international grants and contracts, endowment

funds, university-industry partnerships, institutional investment in professors' spin-off companies, or students' tuition and fees. Market behaviours, on the other hand, refer to for-profit activity on the part of institutions. These would include activities such as patenting and subsequent royalty and licensing agreements, spin-off companies, arm's length corporations, and university-industry partnerships which incorporate a profit component. (Slaughter and Leslie 1997,11)

Some critics have introduced the term academic capitalism which goes one step further than market and market-like behaviours. According to Slaughter and Leslie the term 'academic capitalism' defines the reality of the environment of public research universities which induces professional staff to expend their human capital stocks increasingly in competitive situations. In this way, the term conjures up strong images of exploitation of the academic labour force (Slaughter and Leslie 1997:9). Currie (1998) observes that, as governments ask universities to reduce government's financial burden, individuals working in universities increasingly are being asked to "pay" for themselves and to account for how they spend taxpayer's money, whether on research, teaching and other activities (Currie 1998:20).

Slaughter and Leslie argue that in order to understand the impact of "academic capitalism" in the current changes in HET, it is necessary to be mindful of the link between academic entrepreneurship and academic capitalism (1998). For these writers, "academic entrepreneurship" and "entrepreneurial activity" are euphemisms for "academic capitalism" in that the former two fail to capture fully the encroachment of the profit motive into the academic sphere. Moreover, "academic capitalism" describes a situation

where university employees are employed simultaneously by the public sector and are increasingly autonomous from it. They are academics that act as capitalists from within the public sector but are state-subsidised entrepreneurs (Slaughter and Leslie 1998:11).

One consequence of the cutbacks in public HET provision associated with globalisation has been an increase in private provision. Altbach (1999:1) and

Marginson (1997:464) argue that this resulted, on the one hand, from the burgeoning social demand for HET by groups that have hitherto been excluded from participating in the sector, and, on the other hand, from the inability or unwillingness of democratically elected governments to provide HET. The intrusion of private provision into the HET sector does not, strictly speaking, fall under our definition of privatisation in so far as it follows from the establishment of new private institutions rather than from the transfer of public institutions to private ownership.

A second consequence of the cutbacks in HET as well as the introduction of private provision has been a convergence in the practices of private and public providers. Altbach observes that this convergence relates to the need for public and private HET to compete and develop cost effective delivery (Altbach 1999:1). This convergence has been associated with a weakening of public private boundaries. Tilack (1991:229) contends that the distinction between public and private is unclear and emphasises that the public-private distinction differs from country to country. Levy argues that while it is common to distinguish between public and private institutions in terms of sources of funding, this distinction is becoming blurred in practice (1986:209).

Globalisation and Changing forms of knowledge production in HET

Slaughter and Leslie argue that there is a mutually constitutive relation between marketisation, “academic capitalism” and privatisation practices in HET and the emergence of what is referred to as Mode 2 knowledge production practices (Gibbons, Limoges, Nowotny, Schwartzman, Scott and Trow 1994).

Pertinent assumptions of the Mode 2 knowledge debate include:

- i) universities are increasingly losing their monopoly on knowledge production because new media enable companies trading in the information industry to offer “expert” teaching to the growing audiences for higher education, and
- ii) Mode 2 knowledge production is cross disciplinary, application driven, non-linear, transient and expands the number of research or knowledge actors (Laurillard 2000:140; Scott 2000:200). Mode 2 knowledge production is therefore pertinent in the current context of global competition.

Although the distinction between Mode 1 and Mode 2 may be theoretically useful in reconceptualising research, curriculum transformation and transformative pedagogy, Mode 2 knowledge production can also be seen to facilitate the progressive penetration of market values into the HET through “academic capitalism” (Delanty 2001:112). The growth of “academic capitalism” embedded in the support for Mode 2 knowledge is evident in the suggestion that the HET sector is no longer the sole producer of knowledge and that transformation of the sector should be premised on this assumption. This has in turn encouraged the idea of partnerships between public HET institutions and industry in the production and distribution of research and the idea that a transformative curriculum should be based on transdisciplinary design.

Barnett (2000) and Delanty (2001) express concern that a shift to Mode 2 knowledge production will mean that universities are going to lose their role as producers and disseminators of research knowledge. They argue that “although the university may no longer be the only producer of knowledge it is still the most important dispenser of credentials and is also a significant arbiter of cultural capital, such as status” (Delanty 2001:113). Accordingly, “the university is the institution in society most capable of linking the requirements of industry, technology and market forces with the demands of citizenship” (ibid.).

Globalisation in South Africa

Each nation's specific historical, political, cultural and economic characteristics influence the ways in which globalisation trends have developed and continue to unfold in that country (Taylor, Rizvi, Lingard and Henry 1997). In South Africa, globalisation has been subjected to intense debate. Concerns have been raised about the impact of policies driven by globalisation and the development of corporate managerialism on developing third world countries (Chisholm 2001:50-114; Nzimande 2001:1-8). In particular, concerns have been raised that the South African

“government's 1996 Growth, Employment and Redistribution (GEAR) strategy which aims at job creation through a projected growth rate based on increasing foreign investment is clearly driven by the global and managerial policy” (Subotzky 2000:109).

Orr (1997:43) argues that in South Africa globalisation, underpinned by neo-liberalism, has effected the radical curbing of the state's role in the economy, de-regulation, liberalisation and privatisation, and the cutting back of state expenditure. This has increased the mobility of capital and provided neo-liberal consensus on the centrality of the market, giving globalisation a capitalist-driven character. Others argue that GEAR is a major contradiction of the political agenda embedded in the government's Reconstruction and Development Programme of 1994, which was intended to address equity, reconstruction and development, including poverty alleviation (Nzimande 2001:1-8; Subotzky 2000:109).

HET in South Africa: Debates and Policies

As in the broader South African context, debates about the relationship between globalisation and HET in South Africa have focused on contradictions between globalisation and managerialism, on the one hand, and imperatives for addressing historical inequities and social exclusion, on the other (Council on Higher Education 1997/98; Department of Education 1997). policies relating to HET in South Africa have also been influenced by two other sets of debates:

- i) debates relating to whether HET is a public or private good
- ii) debates relating to the impact of shift to mode 2 knowledge production practices.

HET, Development and Equity in South Africa

In the mid nineties, the tension between development and equity was evident in HET funding policies. These policies promoted widening access for the majority and the accomplishment of equity and redress, but also responded to budget cuts by incorporating the principle that this should be supported by private as well as public funding (Department of Education 1997:40).

The National Plan on Higher Education (NPHE) reflected a move towards prioritising development over equity when it prioritised the following three key aspects of transformation of 'higher education in a knowledge-driven world' in the White Paper of 1997 (Department of Education 2001:9):

- Human resources development to contribute to social, economic, cultural and intellectual life in a rapidly changing society
- High-level skills training to develop professionals and knowledge workers with globally equivalent skills, but who are socially responsible and conscious of their role in contributing to national development and social transformation.
- Production, acquisition and application of new knowledge because national growth and competitiveness are dependent on continuous technological improvement and innovation, driven by the training capacity of higher education as well as the needs of industry and social reconstruction (Department of Education 1997:1,12).

As a response to the proposition of a 'knowledge and technologically driven society', there has been a growing assumption over the last five years that HET in South Africa can no longer be driven by provider-led policies, but that HET should be responsive to the needs of the twenty-first century. DACST's Synthesis Report, *Technology and Knowledge* highlighted the need to advance IT, biotechnology and new materials and the need to integrate science and technology to support the emerging knowledge society that is framing policy in general and higher education in particular (DACST 1998:199).

HET as Public or private good.

Traditionally, higher education was considered to be both a "private" and "public" good. It was considered to be the provider of skills that individuals use to raise their incomes and to achieve more prestigious careers, and also a tool to improve the human resources needed for societal growth and the operation of a modern economy (Altbach 2000:11). In this view, the public and private benefits of higher education were seen to be complementary.

On the other hand, human capital theory places the emphasis on education as investment, the externalities of education, and social and individual rates of return (Becker 1975; Blaug 1975; Denison 1962; Smith 1905; Schutz 1961). From this perspective, public and private benefits are separate. Some forms of provision have

greater private benefits while others have greater public benefits, and it is incumbent upon government to prioritise the latter.

Central to the private-public good debate is the relationship between payment and benefit. The argument is that families and individuals must pay for their higher education if the benefits are accrued to individuals and their families. In contrast, society must pay for higher education if it is the main beneficiary. As has been pointed out in the earlier section of this paper, however, it is extremely difficult to characterise the two sub-sectors in terms of their responsibilities. It is also problematic to conclusively decide who must pay for which aspects of higher education because higher education, both private and public, generates externalities or spill over benefits (Guido 1999:232).

Both the SAUVCA representative and the CHE CEO argued that debates about partnerships between public and private institutions must necessarily take into account the private and public good aspects of higher education. First, public institutions can never have profit making alone as their aim because responding to the public good of education is their predominant role. Satisfying the demand for education as public good implies that partnership programmes between public and private higher institutions should not focus exclusively on programmes that are for profit, such as management and commerce programmes, but should also offer programmes that are not necessarily profit-driven, such as music. The prevailing competitive quasi-marketisation in public higher institutions often undermines the role of education as a public good.

However, the CEO of CHE argued that partnerships between private and public higher institutions can play an important role in promoting the public good arising from higher education through a proper legislative framework, which will ensure that the programmes provided satisfy quality requirements demanded of all higher learning institutions. He argued further that innovative partnerships both nationally and internationally might be desirable in the areas of information systems and ICT.

HET, Knowledge and globalisation in South Africa

With reference to Mode 2 knowledge in the HET sector in South Africa, Subotzky adopts a similar analysis to that of Slaughter and Leslie (1997) referred to above. He argues that Mode 2 knowledge production tends to exacerbate the negative effects of "academic capitalism", marketisation and commercialisation of HET (Subotzky 2000:88-127).

On the other hand, Kraak adopts a more positive stance towards the relationship between Mode 2 knowledge production and social reconstruction and development (Kraak 2000:32; 128-155). Kraak's view on university-industry partnership in the production of Mode 2 knowledge is similar to the one articulated by Delanty (2001:123). This view suggests that partnership involves a situation where universities provide the basic infrastructure for research, including the scientific expertise, which is state-funded, while industry supplies the wider context of distribution and links with the market (Delanty 2001:123).

Jansen does not take a position on the desirability of Mode 2 knowledge production but focuses instead on whether conditions in the South African HET sector are susceptible to this mode. He argues that institutional arrangements in South Africa are underpinned by Mode 1 knowledge production and that this makes a shift towards Mode 2 knowledge production difficult (Jansen 2000:170). Jansen analysed partnerships between the University of Durban Westville's engineering department (a public HET institution) and the Morgan University Alliance, which in turn has a partnership with Warwick University. Jansen argued that 'the partnership degree' he analysed described a strong version of Mode 2 knowledge production but that it was too early to judge whether it was working because the model was introduced in the 2000 academic year.

Responses to within the HET Sector

According to the NPHE, subsidy cuts to public HET and declining student numbers (and thus declining revenue from fees) in the late 1990's have precipitated the market-like behaviours currently experienced in the sector (DoE 2001:12). These forces have induced public institutions to look for ways to diversify their sources of revenue and to cut costs (Clark Burton 1997). These developments coincided with the corporate

quest for new products that require high input from scientific knowledge, opening the way for public private partnerships. (Delanty 2001:121).

One of the ways in which extra funding was raised both internationally and in South Africa was by securing increased student enrolment at lower cost and changes from grants to student loans (Delanty 2001:121). These developments led to competition for students as well as revenue.

As in other countries, inter-institutional competition in South Africa has intensified over the last three years (Council on Higher Education 2000; Department of Education 1997; 2001: 12,13,16). The NPHE has raised concerns about institutional competition and its harmful effects on attempts to transform the sector (Department of Education 2001:12,13,14). The Council on Higher Education argues that competition-driven higher education results in:

... lack of institutional focus and mission coherence, rampant and even destructive competition in which historically advantaged institutions could reinforce their inherited privileges, exclusive focus on "only" paying programmes, excessive marketisation and commodification with little attention to social and educational goals, and insufficient attention to quality (CHE 2000:17-18)

Competition-driven HET development in South Africa has taken three main forms.

- First, there has been rapid development of distance education programmes by institutions that traditionally concentrated on contact tuition;
- Second, many contact institutions have established satellite campuses in order to facilitate the delivery of their distance education programmes and in some cases the education in these institutions was offered in the form of traditional face-to-face programmes;
- Third, there has been a rapid growth of the private higher education sector which has focused almost exclusively on the delivery of low cost, high demand programmes that are considered financially lucrative in business, commerce and management (DoE 2001:13). This has been accompanied by an increasing shift in

both public and private sectors towards the provision of programmes that are considered financially lucrative.

The establishment of satellite campuses to facilitate delivery of distance education programmes took the form of what is commonly known as “institutional creep”. The latter term has been coined to describe ways in which public HET institutions in South Africa have extended their operations in the South African provinces that are mainly rural and under serviced, such as Mpumalanga and KwaZulu-Natal. Public institutions extended their operations to these provinces not only to reach students in general but also to reach non-traditional (mature) students such as teachers and nurses who were already working and wished to improve their qualifications.

An HSRC study of HET provision in Mpumalanga explored ways in which public HET is becoming entrepreneurial by going to look for new students in rural areas as described above (Kraak 1999). This was never the case before subsidy cuts to public HET. Institutions that ventured into this exercise included the University of South Africa, University of Pretoria, Rand Afrikaans University, Technikon Witwatersrand, and Technikon Southern Africa (Kraak 1999:1). The mode of delivery varied. It sometimes involved the arrangement of seminars and workshops in underserved areas by lecturers of the providing institutions. Other times it took the form of “packaged” materials given to students who were expected to complete and hand over their assignments or send them by e-mail if they had access to such a facility.

One common feature of these outreach programmes was that they were all provided through distance education (satellite campuses, web-based broadcasting and other distance technologies). The other distinctive feature of programmes provided by these institutions was that they were almost all located within the technical, professional and vocational fields (Kraak 1999:1). Hence, all of them were partnerships between public HET institutions and teacher training colleges and technical colleges. While UNISA spearheaded ABET programmes, other institutions franchised their course materials and courses to Mpumalanga learning centres (all former teacher, community and technical colleges) (ibid.). However, most of these partnerships were curtailed and some stopped altogether because of the DoE moratorium on these arrangements.

It is not only local institutions but also foreign public and private institutions that have established satellite campuses in South Africa. A number of foreign public and private institutions have established offshore campuses in South Africa. (Robertson 2000: 88; Blight, Davis and Olsen 2000:102).

Another feature of quasi-marketisation which is evident internationally and has also become common in South Africa is the outsourcing of functions and retrenchment of academic staff. This is intended to make institutions more cost effective and efficient.

Many of the practices described above are clearly market *like* behaviours are not for profit, while others are not easy to categorise in these terms. However, it is clear that the franchising of courses and materials by institutions has a for-profit motive and therefore amounts to market tendencies as opposed to market-like behaviours. It can be argued that most of these practices originated as strategies for institutional survival given budget cuts and a decline in student numbers. Furthermore, the public institutions that expanded their markets as described above were all historically advantaged institutions (HAIs) that had resources and the capacity to do so. It is these institutions which have what the CHE aptly termed "inherited privileges" that have been best placed to put in place competitive (market like) and for profit (market) practices.

Private provision and HET in South Africa

Mabizela (2000) has noted the growth of privatised HET provision and the increasing similarities between private and public provision in South Africa, and has argued that this has resulted from the encroachment of market principles upon the sector Mabizela (2000: 121-124). The Department of Education acknowledges that there is a role for private provision, but is concerned that it seems to have grown too rapidly, leading to provision and quasi-marketisation in HET in South Africa (DoE 1997:55). The concern about private provision was phrased as follows:

... the key challenge in expanding the role of private institutions is to create an environment that neither suffocates educationally sound and

sustainable private institutions with state over-regulation, nor allows a plethora of poor quality, unsustainable "fly by night" operations into the higher education sector. (Department of Education 1997:55)

The quotation above would suggest that the DoE recognises that market-like tendencies in the HET sector cannot be stopped through legislation. However, the DoE is clearly worried about the extent to which some private providers are purely engaged in profit making and do not have the interests of students and the country at heart.

The Council for Higher Education also acknowledges that private provision has become unavoidable but has expressed fears that private higher education has grown out of control and that this tends to compromise quality and prejudice students (Council on Higher Education 2000:20-21). Concerns expressed relate to the expansion of public HET initiatives in South Africa, as well as the increase in foreign private tertiary education institutions in South Africa (Merten 2001:30). Badat captures the view of the CHE as follows:

"... it was not a case of not wanting foreign private institutions in South Africa, but a question of what their aims were. Many foreign higher education institutions are merely setting themselves up to expand their student numbers and thus market shares" (cited by Merten 2001:30).

This view was shared by the South African Union of Vice-Chancellors Association (SAUVCA) when it welcomed the draft regulation on the registration of private higher institutions and a code of conduct for public-private partnership in higher education (SAUVCA 2001). The CHE (2000:31) observed that numerous public-private partnerships have posed challenges with respect to accreditation of programmes and the registration of private providers. Furthermore, some partnerships could have detrimental effects on other public institutions. Hence the CHE recommended that a moratorium placed in early 2000 with respect to new public-private partnerships should remain in place until investigations have been completed (CHE 2000:33).

It is on the basis of the recommendations of the CHE that the Department of Education is seeking to control what is seen as unfair competition by public-private partnerships (Department of Education 2001:62). Some of the concerns relate to the quality of programmes provided, the lack of legal protection for students who register at satellite campuses, and lack of basic resources (Department of Education 2001; Maxwell, Provon, Fielden and SAUVCA 2000:23). Indeed students have very little legal protection, even in the event of the termination of an agreement. The concern has also been raised that academic staff in public institutions spend the bulk of their time teaching at these private institutions as part of the partnership agreement and thus prejudice the public institutions. A another concern has been raised that public institutions in some cases claim a subsidy when essentially all they are doing is to register students and issue a certificate (ibid.).

In spite of these concerns, the ministry appears to have created space for possible future partnerships between public and private institutions (DoE 2001:62). The ministry pointed out that students in existing and new private-public partnership institutions will not be funded unless the following conditions are met:

- i) the programmes have to be approved as part of the institution's "rolling" plans;
- ii) the institutions will have to seek approval for the introduction of programmes for which state subsidies are not required;
- iii) the programmes will only be approved if there is a fit between the programme and the institution's mission (including its capacity), whether it addresses regional and/or national needs, and whether it meets the quality assurance criteria of the Higher Education Quality Council (HEQC); and
- iv) the public institution concerned must take full academic responsibility for the programmes and students must enjoy all the benefits that come with registration at the public higher institution (DoE 2001: 62).

To summarise, there has been no privatisation of HET in South Africa, in so far there has been no transfer of public institutions to private ownership (Kwong 2000; Marginson 1993). However, there has been a substantial growth of private provision

which can be seen partly as a response to conditions and opportunities created by government policies and funding cutbacks. The DoE has responded to the proliferation of private provision by attempting to strengthen government regulation of all provision.

Quasi-marketisation: A case study of the University of Pretoria

A case study of the University of Pretoria suggests that this is engaged in both market-like behaviours and market behaviours. Interviews with the manager of the marketing division at the University of Pretoria and the manager of the Department of Business Activities revealed that the university has been, and still is, practising market-like behaviours in various forms. These include the extension of provision through partnerships and distance education, responsiveness to 'the market' of student choice as regards forms of provision, entrepreneurial activities that generate revenue and outsourcing of maintenance services.

Partnerships

According to informants, the university has had, and still has, strong partnership links with Damelin and, until recently, with the National Private College. National Private College students have been offered bridging programmes if they enrolled formally at the University of Pretoria. However, the partnership between the university and National Private College ceased to exist because of the recent moratorium placed on public-private partnerships by the DoE. It was difficult on the part of the researcher to establish the extent of for-profit behaviour in any particular instance.

The existing partnership between the University of Pretoria and Damelin consists of an agreement between the two institutions that students admitted to the University of Pretoria would be given computer literacy training by Damelin. This partnership agreement was signed because the university considered it cost effective and efficient to outsource this function to Damelin as the latter had better computer equipment and more trained technicians in this field than did the university.

In addition to providing computer literacy programmes, Damelin provided bridging programmes for students who did not immediately qualify to register as students at the University of Pretoria, though the bridging programmes were presented on a small scale. On completing their bridging programmes with Damelin, the students were credited with modules by the university and they were allowed to join the mainstream degree programmes at the university. It was pointed out during the interviews that Damelin was paying the university for accrediting the latter's programmes. According to the interview with the informant, the university was maintaining this partnership as a strategy for student recruitment. These students boosted University student numbers at a time when there was a general decline in student enrolment and helped stave off the crisis faced by other tertiary institutions. Consequently, while other institutions were generally experiencing a decline in student numbers, the University of Pretoria was reported to have a ten per cent growth rate in January 2002.

The partnership between the University and Damelin also involved the lease of University facilities to Damelin. The marketing manager argued that this partnership with Damelin has so far work very well. The university is also leasing its premises to outside companies, which is clearly a for-profit making strategy. This is an example of how the university has been raising additional revenue to augment its government subsidy.

Distance education

The University of Pretoria has developed what is termed "telematic teaching", which, according to the marketing personnel, was initially intended to provide education to students especially in the nursing and teaching profession, to upgrade themselves. Informants pointed out that the main motive for telematic teaching was to broaden access to higher education to mature students who were already working and wished to improve their qualifications. It was argued that telematic teaching was an attempt by the university to provide alternative tuition through TV and e-mail. The staff argued that, apart from reaching the greatest number of non-traditional students, telematic teaching is cheaper than traditional teaching since one professor at the main campus can teach many students simultaneously. Approximately 25 courses were

provided through this programme. The establishment of these programmes clearly represent an attempt to develop cost effective forms of provision.

However, according to the informants telematic teaching is now under threat because, in terms of D oE policy, distance education should be provided by a new distance learning institution - the much contested Open Learning University of South Africa (Olusa). Nonetheless, the manager of Business Activities at the University of Pretoria indicated that telematic tuition was going to be extended and made available to all students needing it including those who had enrolled on a full-time basis as an alternative to attending classes.

The students' choice embedded in telematic teaching is an example of quasi-markertisation, better captured by the term "consumer sovereignty" or "students as consumers" (Robertson 2000:78-93). Consumer sovereignty reflects quasi-marketisation tendencies in HET in South Africa in that it presupposes that students have great purchasing power and therefore will have a far greater impact on the structure of the learning market (Roberstson 2000:88).

Entrepreneurial activities at the University of Pretoria

Informants pointed out that the University of Pretoria has established a Department of Business Activities. The primary task of this department has been to explore all available strategies that could make the university function more effectively, with an emphasis on satisfying customers. One of the responsibilities of the Department of Business Activities has been to ensure that the companies that have been set up within the university entrepreneurial enterprises are generating revenue for the university.

The University of Pretoria has also established a holding company called Continuing Education Enterprises (<http://www.up.ac.za> 2001). The university owns 100% of the shares in this company. The task of Continuing Education Enterprises is to develop and provide short courses to people in industry. Short courses are preferred because they generate money much faster than traditional programmes. Informants pointed out that, so far, companies and individuals have been willing to pay for these courses

because they addressed their daily needs in practice. According to the manager of the Department of Business Activities, these courses are determined by the demands of the market and therefore are a good example of how the university is trying to be entrepreneurial and generate additional funding. The staff at the university is responsible for the teaching programmes offered by the Continuing Education Enterprises. The staff receive additional remuneration for teaching these programmes over and above their normal teaching load.

In addition, the university has established Business Enterprises at University of Pretoria (PTY) Limited. This was established in 1999 as a company wholly owned by the University of Pretoria. It represents diverse disciplines, including Statistics, Economics, Marketing and Communication, Population Studies, Human Resource Development, and Public Management and Administration (<http://www.up.ac.za/directories/business.html>). The establishment of the Business Enterprises company by the university undoubtedly reflects an initiative by the university to generate profit. However, the manager of the Department of Business Activities pointed out that the university's companies are currently not generating revenue for the institution but expressed optimism that they would do so in future.

The university has also formed a company in partnership with the CSIR called Southern Education and Research Alliance (SERA) (<http://www.up.ac.za> 2001). Its primary task is to focus on the exploitation of intellectual property (IP) in both the CSIR and the university through the commercialisation and licensing of patents. The university owns 50% of shares in SERA.

The academic staff in all the departments are given the opportunity to become involved in the new University owned companies as well as outside companies, some of which lease university property. This strategy has been adopted to maintain quality lecturing staff who might, as in other public institutions, be attracted by the possibilities of outside employment with additional remuneration. According to the manager of the Department of Business Activities, staff members are expected to negotiate their remuneration in each of these enterprises in addition to their salaries.

The changes that have occurred in HET, including partnerships between public and private institutions and institutional creep, are characteristic of entrepreneurial tendencies and market-like behaviours, and they are adopted as coping mechanisms in response to budget cuts in HET. However, the market-like tendencies do not involve the transfer of ownership to private hands and some of them, such as Business Enterprises at University of Pretoria, do not even make any profit. Levacic (1995) argues that, after all, entry by new providers, investment, quality of services and price remains government regulated in quasi-marketisation in HET. Furthermore, market-like tendencies displayed by public HET in general, and those at the University of Pretoria have common features of what Clark (1998) calls "entrepreneurial university and organisational pathways of transformation". Clark uses the concepts "entrepreneurial university" synonymously with innovation. Clark prefers these concepts in order to avoid the negative connotations that many academics attach to individual entrepreneurs as aggressive business-oriented people seeking to maximise profit (Clark 1998:4).

Most of the entrepreneurial and quasi-marketisation activities by public institutions in the sphere of distance education have been effected through partnerships between private and public institutions. However, the DoE has attempted to control these activities by prohibiting public institutions that traditionally provided contact tuition to continue to offer distance education programmes (DoE 2001:56-59). According to the DoE, a single dedicated distance education institution, developed by merging the three public institutions that have been offering distance education, should provide all distance education programmes. While the DoE perceived institutional mergers as a way to reduce duplication, strong reservations were expressed about the merger of institutions with diverse missions and history and the lack of economics of scale of mergers.

Outsourcing

Five years ago the university got involved in what appears to be a market-like approach - outsourcing all its cleaning, gardening and security in order to become more efficient and cost effective.

Conclusion

This article has examined the emergence of market and market-like in the HET sector in the context of the current neo-liberal ethos in South Africa and more specifically in a case study of the University of Pretoria. It has argued that shifts in HET provision in South Africa have been contested in debates relating to

- i) their impact on equity and development,
- ii) the impact of a shift to mode 2 knowledge production,
- iii) whether HET is primarily a public or private good.

It has argued that there has been no privatisation, in the form of a transfer of public institutions to private ownership. However, there has been an increase in private provision and a growing similarity of practices in the private and public spheres.

These practices have generally been driven by cost cutting in the public sector resulting in the need to compete for financing from a diversity of sources, and have taken the form of a wide range of both market and market like behaviours.

While these practices are at least partly a response to state policies and funding practices, there has been some concern on the part of the Department of Education regarding the proliferation of competitive and for profit practices. The DoE has responded, in turn, by strengthening regulation of practices such as partnerships, rather than by prohibiting them.

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