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## PROFITS AND PRACTICALITY:

How South Africa Epitomizes the Global Surge in  
Commercial Private Higher Education

By

**Daniel C. Levy**

*Distinguished Professor, State University of New York (SUNY)  
Department of Educational Administration & Policy Studies, University at Albany-SUNY*

WP No. 2 March 2003

**PROPHE Working Paper Series**

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**PROGRAM FOR RESEARCH ON  
PRIVATE HIGHER EDUCATION**

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## **ABSTRACT**

South Africa's private higher education largely illustrates the worldwide surge in commercial private higher education. Beyond typicality, however, important features in the South African case epitomize the worldwide growth or otherwise appear in stark form.

At the core of the starkness is the for-profit nature of South African private higher education. For-profit logic plays out in nearly all matters key to the country's private higher education, including missions, actors' roles within and beyond the higher education institutions, ties to the job market, and relationships with public entities. In contrast, private higher education outside South Africa is usually nonprofit; more aptly stated, however, it is nonprofit in name and legal status but often for-profit in much form and behavior.

For its profits and practicality thrust, South Africa presents an intriguing case through which to explore the nature of the world's expanding commercial private higher education. Tendencies in South Africa lead to or support significant hypotheses about this form of education, particularly in its for-profit manifestation. In turn, such hypotheses, along with data on other countries (especially the United States), help guide empirical exploration of the South African case.

## THEME

A common tendency in private higher education is for countries to see themselves as more uncommon than they are. Such is the case in South Africa.<sup>1</sup> Although certain particular characteristics exist in almost any country, perceptions of exceptionalism—even of uniqueness or strange perversity—are often exaggerated and misleading. Fueling the perceptions is the sudden, generally unanticipated nature of the private surge, and the dramatic differences between it and what most observers think of as “university” or “higher education.”<sup>2</sup>

But to differ from preconceptions and from prior tendencies is not necessarily to differ from contemporary global tendencies in reality. On the contrary, we argue that salient features of South Africa’s private higher education growth fit tendencies in much of the world. Left at that, however, the argument would be rather “ho-hum,” except for challenging perceptions of exceptionalism. It becomes more compelling when we take into account that private higher education has internationally assumed many different forms, as it has historically. What is vital about the South African case is how it epitomizes certain internationally striking forms in contemporary private higher education growth.

These forms center on commercialism, often vocational, and quite practical. South Africa shows remarkably few exceptions to this tendency. Indeed it demonstrates the tendency across its private higher education forms that differ from one another in other respects. And the idea of epitomizing the worldwide commercial thrust is itself epitomized by the clear, legal for-profit status of the bulk of South Africa’s private higher education. The contrast to most of the world’s private higher education, legally nonprofit even when commercial, illustrates how our notion of epitomizing global tendencies can mean not just replication but sharp manifestations of a general phenomenon.

Thus, South Africa’s for-profit manifestation of commercial practicality, leads to the paper’s “Profits and Practicality” title. And it leads to the paper’s main theme: *the growth of South Africa’s private higher education epitomizes the commercial thrust that lies at the core of most contemporary private higher education growth worldwide*. Implicit in this theme is that most of South Africa’s private higher education differs from the international private higher education forms lying outside the contemporary commercial thrust.

As with any case in comparative perspective, then, we must identify points of similarity and difference. But this paper emphasizes the similarities. In so doing it pursues (and seeks to promote) a dual, mirror-image purpose. One purpose is to use global perspectives to help understand the South African case and the second purpose is to use the South African case to help understand key global tendencies.<sup>3</sup>

The second purpose, using South Africa to help understand key global tendencies, links up with the point about how South Africa epitomizes these tendencies. Largely recent, the

tendencies have not been subject to intense analysis in the global literature. On the other hand, South African scholars emphasize how little studied their case has been. But the truth is that—especially with ongoing work at the HSRC (Human Science Research Council) and at the Centre for the Study of Higher Education at the University of the Western Cape <sup>4</sup>—South Africa probably ranks as one of the best-studied developing or transitional (post command economy) country cases of private higher education’s surge of the last two decades. The world can learn much looking at the South African case. <sup>5</sup>

Accordingly, each part of the paper deals with both South African and relevant global tendencies, inter-relating the two. The four major parts of the paper concern:

1. private higher education’s recent growth
2. private types that are limited
3. predominant types
4. the for-profit focus

## **GROWTH**

### **Overview**

South Africa has lacked clear, reliable data on private higher education growth. This is a common problem internationally. Often there is no central compilation of data or reported data are dubious. South Africa represents a set of countries in which government is the major collector of data on private higher education, but has kept much of it confidential and even what is released is difficult to assess.

There is definitional ambiguity about what gets counted as higher education, full-time students, and so forth. Much of the difficulty with definitions, counting, and collection of data stems from the same sudden surge of private higher education that contributes to impressions of exceptionalism. In South Africa and so much of the developing and transitional world, considerable growth takes places before there is organized concern to track, study, or regulate it. Because the growth does not mostly follow a prescribed and detailed government design, and because it occurs heavily outside traditional higher education forms, or outside clear definition about what is legally included within higher education or requires what sort of licensing or accreditation, data gatherers do not necessarily know where to look, for what. Mabizela’s depiction of a South African “silent revolution,” largely on the higher education “fringes,” is apt for many countries. <sup>6</sup> Striking both in South Africa and globally is how much growth takes place without public agreement that this growth should be permitted, or with what limitations; indeed, South Africa illustrates how the private growth can occur in the face of a combination of indifference and resistance.

However unanticipated, the growth of private higher education in South Africa has been notable. Until the 1980s private higher education was limited in South Africa, notwithstanding historical and incipient and related forms, including both Church and professional institutes in the nineteenth century, and then many “correspondence colleges,” many pushing their way into higher education.<sup>7</sup> The recent growth is now qualified by government freezes imposed in the late 1990s; surprise growth followed by freezes or other regulation that slows growth is a sequence also seen in other countries. For South Africa, the causes of slowed growth are debated: private providers and others emphasize restrictive government policy whereas others argue that views back in 1994 greatly exaggerated how much pent-up demand there was for higher education.

The first serious study on the overall growth and size of South African private higher education (Mabizela, Subotzky, and Thaver 2000) has recently been updated (Subotzky 2002). But the update works with only the 60 institutions registered by December 2000. This contrasts to 86 registered by December 2001 and to the 145 treated in the earlier survey (which identified more than 300 institutions, 113 registered).<sup>8</sup> It also contrasts to a figure of some 200 institutions involved in private higher education and included in the Association of Private Providers of Education, Training and Development, an umbrella organization of private institutions including but far from limited to higher education (Yeomans 2002). The higher education enrollment in the 145 institutions was approximately 108,700 (with the figure for the more than 300 institutions unknown) but the recent study of just 60 institutions casts doubt on that figure and reports 30,000 (23,000 full-time equivalents). The wide discrepancy in figures appears to stem from various factors: (1) ambiguity in what is post-secondary education; (2) inexperience until now in identifying categories and in handling institutions with many students but only some at the higher education level; (3) more rigid definitions in the updated study and thus less inclusive reach; (4) some double counting of private and public partnership enrollments in the earlier study; (5) the restrictive impact of government moratoriums; (6) the updated survey taking place at a moment in which few institutions were registered. Given all the uncertainty and volatility surrounding the numbers, it makes no sense to insist on any one figure. One could tentatively entertain a guess of roughly 5 percent for the 2000 data, noting there were slightly over 600,000 enrollments reported on the public side. But 30,000 is lower than most figures shown so far for the private side. Most importantly, leading researchers of the quantitative dimensions of the private sector prefer not yet to offer even an estimate on the percentage of private/total higher education enrollments. What we can commonly conclude with Subotzky is that enrollment estimates as high as 500,000 can be dismissed (as can estimates of over 3000 institutions), significant growth in the near future is quite possible, growth to date is significant, and figures depend much on one’s definitions and methodology.<sup>9</sup>

These quantitative surveys also show that most of South Africa’s private institutions are quite small. Of the 60, 48 have fewer than 250 FTEs; of the 145, 120 had fewer than one thousand students. Despite holding only a small share of higher education enrollments, the private sector accounts for a clear majority of registered institutions. Such small size contrasts with what most people expect for higher education institutions, especially universities, but the smaller size of private than public higher education institutions has been

noted internationally (Levy 1992). Moreover, smallness is particularly evident for commercially or vocationally oriented institutions that today represent the most common private expansion. Smallness has probably been even more striking for the world's for-profit higher education, though the recent advent of large businesses, often international, brings a dynamic exception.

One major comparative point about South Africa's private growth is that it is part of a global tide. Yet another point is that the proportional size of its private sector has now probably slipped toward the low end for developing and transitional regions. Those regions have had mostly either moderate or spectacular private growth. Prior to the 1980s the key areas were Latin America and parts of Asia. Since then, however, in addition to further growth there, including a spread to more Asian countries (including Bangladesh, Cambodia, China, Pakistan, and Vietnam), private higher education has burst on the scene elsewhere. Central and Eastern Europe provide dramatic examples in most of their countries, starting usually from scratch and jumping to 10 or 30 percent. Breakthroughs have also occurred in a few developed countries but Japan and the United States remain exceptional for having major private sectors (and "privatization" in developed countries usually refers more to changes within public higher education).

Africa has joined the developing country trend somewhat belatedly. This is especially so for Sub-Saharan Africa. Some North African or Middle Eastern countries (e.g., Egypt, Ethiopia, Israel, Jordan, Kuwait, Oman) have had longer private higher education roots or have now opened or expanded private higher education, sometimes with major international cooperation. Except where otherwise mentioned, however, "Africa" in this paper refers to the sub-Sahara. As recently as around 1990, probably only about 5000 students were in Africa's private higher education, roughly one percent of the higher education total; they were in perhaps thirty institutions, mostly religious (usually Christian, sometimes Muslim), though also commercial (Eisemon 1992; Bamba n.d). Many institutions had fewer than 100 students. Private emergence and expansion was generally slowed by various factors: poverty, low total higher enrollments, and dominant public traditions and norms. But growing demand for higher education, weak government budgets, and changing political economies have worked for emergence and growth, as they have in much of the world.

Initially, Kenya and Zaire led the private expansion, whereas Rwanda probably had the highest private/total enrollment percentage. By 1997, Benin, which had had no private higher education in 1990, had 27 authorized private institutions, holding 17 percent of the country's total enrollment (Guedegbe 1999: 12). Additional examples where the private sector has substantially increased its share of enrollments include Mozambique, Senegal, Tanzania, Ivory Coast (19 percent), Uganda (14 percent), Ghana (6 percent), and other countries, though Francophone Africa tends to trail (Sawyer 2002). Kenya illustrates a common pattern in which government mixes its regulation with a favorable disposition based on how private higher education can provide access, meet demands from the new political economy, and lessen the flow of students going abroad, with consequent loss of foreign exchange as well as human resources. From just three private universities in 1985, Kenya now has

seventeen (eleven of which have provisional authorization) and these hold roughly 20 percent of the country's 50,000 university enrollments (Otieno 2002). An intriguing aspect about the expansion of private higher education in Africa, at least Central Africa, is the penetration of South Africa's for-profit higher education.

Thus, although South Africa was one of the African countries to move to notable private expansion before most did, it has been overtaken by many sister republics in the percentage of private/total enrollments. More significant is that the private higher education we examine in South Africa, including for-profit dimensions, is increasingly common in Africa.

### **South Africa's Categorization**

South African private higher education comes in a variety of institutions, including seminaries, colleges, schools, professional institutes, and training centers, with some mix of face-to-face and distance education (Mabizela, Subotzky, Thaver 2000). The country's main categorization has been developed at the HSRC and used in its recent on-site, qualitative survey of sampled institutions (Kruss 2002). We employ this categorization, later exploring its relationship to categories developed in the international literature. The South African categories are: (1) transnational; (2) agency or franchise institution; (3) TVET (technical and vocational education training institutes); (4) corporate classroom. This categorization not only helps capture the South African picture, notwithstanding ambiguous and overlapping cases, but it also lays out types that are increasingly common outside South Africa; a working hypothesis would be that, in descending order, the largest presence in the developing and transitional world is 3, 2, 1, 4.

(1) *Transnational*. The transnational category has included local companies affiliated with foreign institutions and paying fees to them but transnationals are presently foreign owned, resident in South Africa. Those registered with the government are the following: Bond University and Monash University (both Australia), BSN (Business School Netherlands), and De Montfort, linked to the United Kingdom.<sup>10</sup> In turn, the transnational may belong to a parent group, as Bond belongs to Advtech. Notwithstanding the university ties, even the transnational institutions may be seen as businesses in South Africa. In any event, the transnational penetration is comparatively limited in South Africa, compared to the developed world's penetration into Asian and other developing countries.<sup>11</sup>

(2) *Agency*. Agency institutions are local companies giving higher education. Here the commercial orientation is even more striking, as reflected in many of these (e.g., Damelin College and Boston City Campus being parts of groups (e.g., Educor and Advtech) listed on the Johannesburg Stock Exchange and owning a number of registered private higher education institutions with their own juridical status. And this commercial orientation is crucial since these institutions may account for about a third of private higher education

institutions and much of the sector's enrollment. Counted by either institutions or enrollment, the agency category is obviously much larger than the transnational one. Examples include the two institutions just mentioned, the IMM (Institute of Market Management), Midrand Graduate Institute (formerly calling itself Midrand University), Success College, and Varsity College, though some of these might simultaneously be identified as TVETs.

(3) *TVET*. TVETs account for most of the private higher education institutions, but two important qualifications must be made about weight. One is that here is where the phenomenon of small institutions is sharpest, so enrollment share lags institutional share. The other is that this is mostly "level 5" education, non-university and not what many have traditionally thought of as "higher education," and thus a kind of borderline higher education even though included as higher education in official South African listings. Obviously, TVETs provide much reason to emphasize the commercial-vocational tilt in South Africa's private expansion. And again some institutions are part of larger business groups, such as the Adcorp Group.

(4) *Corporate Classroom*. Finally, like the TVETs, corporate classrooms have grown in the last couple of decades and have older roots. Corporate classrooms lie within larger corporations, and may involve contracts for training, as with Old Mutual. Key is corporations' desire to train (and retain) their own employees (Fehnel 2002). The corporate classroom's training to meet corporate goals obviously speaks to the commercial and indeed for-profit thrust. This is higher education for immediate practical use. Immediacy is sometimes a repeated phenomenon, in a lifelong learning context. In fact, South Africa still has few corporate classrooms, perhaps six prominent ones. There is also overlap, as when a corporate classroom has ties to a transnational institution of higher education. Old Mutual may be South Africa's largest corporate classroom. However limited to date, corporate classrooms represent fascinating and important growth and have international parallels, including in U.S. institutions that are global. For example, Motorola University has a budget of some 120 million dollars and operates in twenty-one countries, IBM runs a huge virtual corporate university in 55 countries, with over 10,000 courses, and Bell Atlantic forms alliances with existing higher education institutions. Some estimates are that there are some 15,000 corporate universities in the world, versus just hundreds perhaps ten years earlier.<sup>12</sup> The future may well bring a proliferation of small businesses alongside the corporate giants.

All four types of South African private higher education thus have a practical, commercial thrust. In fact, that thrust dominates in each type, sometimes almost exclusively, occasionally as one among other thrusts. Jobs are a key in all. And all feature the for-profit form both in practice and legal status.

As we proceed, we repeatedly relate this practical, commercial thrust and this four-part categorization to the dominant private higher education categorization in the established private higher education literature worldwide. But a general view already peeks through. South Africa's private growth has elements of all three major forms characteristic of earlier

private higher education elsewhere. These three are religious (or, more broadly, culturally inspired), elite, and demand-absorbing private higher education.<sup>13</sup> However, the South African growth overwhelmingly inclines toward practical forms related to the third, though in ways that require us to adapt that category and to explore it in depth. This exploration is crucial to understanding the expansion of private higher education in South Africa. And, as the South African growth epitomizes major growth patterns elsewhere in the world, the exploration is also crucial for other countries.

### **PRIVATE TYPES THAT ARE LIMITED**

Although South Africa has most forms of private higher education identified in the international literature for other countries, it is essential to appreciate which forms are neither dominant nor fast growing in South Africa. In fact, while these forms are prominent today in some countries, they largely hark back to historical reality, albeit often recent history, as reflected in the literature. South Africa may at first appear quite unusual for the only weak presence of these forms whereas it is largely in step with global tendencies that do not feature these forms.

We look here at three types, which often overlap. These are: (1) religious; (2) nonprofit; (3) university elite.

#### **Religious**

For much of the world, the first “wave” of private higher education growth usually involved religious institutions. Some “moved up” to “higher education” from ambiguous higher education status as seminaries. Others emerged when religion was pushed out from universities that had been simultaneously public and religious. Still others sprang up as counterparts to a society’s religious pluralism, whether characterized by tolerance for varied alternatives or an intolerance that barred certain groups from mainstream institutions.

At least until the mid-twentieth century, religious higher education probably accounted for most of the world’s private sector. Even a few decades later it probably represented the first private higher education form in most countries. Still today, religious higher education often holds a major share of private enrollments, though it represents a smaller share of institutions. And continued strength stems not only from the persistence of prior institutions but also the formation of new ones. Persistence has to do mostly with the Catholic institutions that have long formed much of private higher education, as in Peru and the Philippines. Newness comes with fresh Catholic institutions along with a variety of Protestant and Muslim ones, as in Africa (Lejune 1998; Otieno 2002).

In South Africa, religious institutions form a part of the TVET category. This is striking for at least two reasons. One is the only tiny presence elsewhere in private higher education.<sup>14</sup> Although there is at least one liberal arts college, with broad curriculum, this is exceptional and there are no longstanding religious universities of the kind seen elsewhere. The other striking point is that even South Africa's religious higher education usually has a kind of technical training focus; some religiously affiliated institutions have a vocational/commercial orientation, though most are theologically oriented.

In comparative perspective, then, South Africa's religious private higher education is limited.<sup>15</sup> It is limited as it lacks a strong longstanding component and it is limited because even its contemporary private higher education growth rarely has a religious element or at least a predominant one. All this leaves South Africa quite unlike many countries that have much more ample traditions of private higher education, but within a spectrum of contemporary global growth that sometimes has a significant religious component and sometimes does not. This fits our theme of a South African private growth that appears more exceptional when gauged against global history and impressions derived from it than when assessed within contemporary global trends.

Furthermore, if we broaden our category beyond religious to cultural, our conclusions hold. Private higher education has often arisen internationally to provide institutions for ethnic groups or for those choosing a cultural niche orientation within the wider society. Like religious education, such other cultural pursuits involve offering something "different" (Geiger 1986; Levy 1986) from what public higher education (or other private higher education) offers. Few South African privates have such profiles. Instead, as we will see, the crucial difference offered by South African privates has to do with practical orientations.

### **Nonprofit**

South Africa is much more exceptional when it comes to its small nonprofit presence. Historically, private higher education internationally basically meant nonprofit, at least legally. Virtually all religious and even most non-religious education has been nonprofit.

Once again, however, we should note the difference between historical and contemporary global reality. Whereas for-profit higher education had been rare or marginal internationally, now it is rapidly growing, as shown when the paper treats the for-profit focus. Nonetheless, most private higher education enrollment remains in nonprofit institutions. To the large extent that many countries' nonprofits functionally pursue missions of profits and practicality, South Africa appears less unusual. Even so, South Africa stands out for the smallness of its legally nonprofit subsector compared to its private sector overall.

In fact, other than religious institutions, themselves rather peripheral, South Africa appears to have few nonprofits. Some have a considerable number of full and part-time students, many "Black" (African, Colored, and Indian). But most have commercial foci that

make them like many nonprofit commercial institutions proliferating worldwide. Intriguing is one agency institution using modern technology and partnerships with corporations to try to serve disadvantaged students, often part-timers, and earning praise from government.

Clearly, even the nonprofit subsector of South African private higher education has major practical, vocational ends. Indeed, the HSRC sample survey (Kruss 2002) produces at least two findings that underscore these ends. One is that the nonprofits examined are highly specialized; specialization is again quite common for the world's proliferating commercial private higher education, but nonprofits were historically associated with somewhat more breadth. The other finding, related, is that the South African nonprofits, usually older than the for-profits, incorporate many of the for profits' practices in order to compete in the vigorous new market. Their high tuitions underscore their commercial nature. Yet by far the most striking comparative point about South Africa's nonprofit private higher education is its very small share of the country's total private higher education.<sup>16</sup>

### **Academic Elite**

The fabulous success of "Ivy League" and other fine private research universities in the United States leads many to think of elite universities as a major component of private higher education. In fact, the United States has historically stood alone for this major presence (Shils 1973). But if we are flexible with what is "elite" or what is "university," then there are more examples globally. Latin America's elite privates are elite largely in a socioeconomic sense but also manage higher overall academic standing than commonly found in those countries. There and elsewhere, the last two decades have brought intriguing attempts to establish elite private university education, with research, graduate studies, and general high quality. A combination of success and failure means the jury is still out as to the prospects in South Asia, the Near East, and elsewhere. To date, a fair generalization is that true university elite private higher education remains rare outside the United States.

Thus, when it comes to its own lack of such elite education, South Africa is once again less unusual than some would think. More complicated to assess both in South Africa and globally is the size and shape of the subsector that is elite by more flexible definition. South Africa's limitations might be within a range that is common elsewhere; that is, the world sees many national cases in which there is little elite effort as well as cases in which there is more than in South Africa.

Part of the South African limitation clearly overlaps the limited nonprofit and religious presence, for elite private efforts have historically (outside the United States) often been religious and rarely have been for-profit (with no sustained successes to date). Despite perhaps two or three agency institutions and even a few TVETs that have elite claims regarding educational substance, where South Africa appeared to have prospects of launching elite university education was through international means. Transnational institutions included prominent universities elsewhere, sometimes entering South Africa at the graduate level. Yet the surge in the mid-1990s is now aborted, largely through government restrictions

on foreign provision.<sup>17</sup> Most transnationals have withdrawn. This helps explain the limited transnational presence noted above. Furthermore, even where these universities offer programmatic and other breadth back home, they tend again to be specialized, narrow institutions within South Africa (Subotzky 2002).

Few providers attempt to gain official title as universities in South Africa. Others have made the attempt but failed. Monash retained its aspirations longer than Bond, but they now both acquiesce. Government has insisted that these institutions have existed as programs rather than full-fledged universities within South Africa. Internationally, some other countries are very lax about usage, and a private institution can call itself a university if it wants, whereas other countries set standards for what can be called a university. Yet even in the latter cases, (e.g., Brazil) it is common for more private institutions to hold the university title than in South Africa. Much of that difference ties into the predominance of nonprofit institutions elsewhere versus for-profit ones in South Africa.

A key to the limited university elite presence and also to the somewhat greater elite presence flexibly defined lies in the limited nature of public university “failure” in South Africa. Compared to much of the Third World (Levy 1986, 1992), certainly including Africa, there is not a widespread reality or perception in South Africa that once fine universities have plummeted in academic quality or greatly lowered academic standards (Cloete and Bunting 2000). South Africa is more like China and those other Asian countries that have maintained the prestige and selectivity of their public universities. Moreover, quite unlike most of the Third World, South Africa is not witnessing demographic pressures that translate into massive public higher education expansion (public enrollments fell at least in the late 1990s) and thus elite exits to privileged private niches.

Like many other countries, however, South Africa has suffered political disruptions in its public universities and this leads to some flight to safety.<sup>18</sup> Moreover, South Africa shares with most of the Third World profound social inequalities and it is inevitably affected by its apartheid past. Thus, alongside public policy concern and rising aspirations for long deprived groups to gain higher education access, elite (and semi-elite) social groups seek to protect their advantage, their security, and so forth. The racial divide represents a sharp way in which South Africa stands out internationally. On the other hand, the United States has historically shown some parallels in the aftermath of legal segregation and there and in much of the world private higher education is often a vehicle for social separation (when negatively labeled) or social pluralism (when positively labeled).

It is perhaps mostly in socioeconomic terms that South Africa’s private sector has some elite flavor. However academically modest they are, most of the country’s private institutions appear to have rather privileged socioeconomic profiles. Although the racial composition of the private and public sectors is similar, Blacks in the private sector may be from fairly privileged backgrounds (Subotzky 2002). But international references to socioeconomic elite private higher education generally compare to public higher education. And in South Africa,

the most prestigious institutions continue to be public universities. They appear to have the highest percentages of students from privileged private secondary schools. Additionally, some private institutions attempt to broaden their student socioeconomic base. South Africa therefore differs from two common though by no means uniform patterns established in the international literature. On the one hand, its private growth does not stem fundamentally from an elite exit from increasingly inclusive public universities (seen in most of Spanish America); on the other hand, the growth does not fundamentally involve a nonelite demand-absorption in the face of public elite dominance (seen in much of Asia). Instead, South African private higher education apparently lies toward the moderately privileged end of a contemporary international spectrum for flourishing commercial private higher education.

In sum, an elite university presence is notably absent in South Africa. Some of its private institutions have a semi-elite niche, especially along socioeconomic lines. But most lack almost any elite character in selectivity, standards, or content. There is no major presence in basic research, academic graduate education, and similar matters conventionally associated with the high rungs of academic elite work internationally.<sup>19</sup>

## **PREDOMINANT PRIVATE TYPES**

As academic elite, religious, and even nonprofit types do not predominate in South African private higher education, what does? The answers are nearly all inter-related and heavily involve profits and practicality. These answers are increasingly apt for private higher education growth elsewhere as well. But the profits aspect is especially clear in South Africa, and the country's overall emphasis on practicality epitomizes what is often happening less sharply and more ambiguously than in South Africa.

### **How High is Higher Education?**

When most people think of higher education, whether they have attended it or not, they think mostly of universities. This inclination is reinforced by most higher education policy discussion and scholarly literature. Thus, the rapid growth of non-university higher education in much of the world creates dissonance. Where some of this growth occurs in private institutions, as in South Africa, some see a national private sector development that falls short of what is properly or internationally considered higher education. In fact, however, the emergence of various forms of non-university post-secondary education is now common internationally and it increasingly comes in private institutions.

Much private and public non-university higher education fits the standard UNESCO definition of "level 6," or "first-degree" higher education. But other non-university higher education is "level 5." Some countries that allow private provision for level 5 do not allow it

for level 6, or make similar distinctions. Poland prohibits private institutions from going beyond the first three post-secondary years, and Canadian provinces have usually restricted degree granting to public universities (Pike 1991).

Among countries that allow private provision for all levels of higher education, South Africa is striking for the small private share above level 5. Including the 15 percent of enrollments in diploma programs, level five reaches 57 percent of the private sector, with only 35 percent at the first degree level, and the remainder mostly at the Masters level, with only a tiny doctoral presence.<sup>20</sup> Furthermore, Africans in private higher education are disproportionately in level 5, in contrast to their representation in the transnationals or most other private institutions with some elite aspects. To many observers, therefore, private level 5 provision is part and parcel of a discriminatory system. Others emphasize how the African presence in level 5 is crucial to the African presence in higher education.

Moreover, the private sector has a major presence in South Africa's "further education." This is not legally or popularly considered part of higher education. Yet it is related in its vocational training and the borders between higher and further education have blurred and become "softer," including through upward creep by private (as well as public) further education institutions (Kraak 2002). As noted, attendant ambiguities have made it difficult to determine the size of South Africa's private higher education. It may be that rigid definitions of higher education tend to understate the prominence of related private provision. In the 1990s a number of professional institutes started up short courses. Many institutions offer both higher and further education. Others, including many TVETs, offer some level 6 but mostly level 5. The main point here is that what predominates on the South African private side is academically more modest than what has traditionally been thought of as higher education, instead assuming a practical commercial role. Again South Africa is a sharp case within a strong private higher education global tendency that has some precedent but differs importantly from prior patterns.

### **The Commercial Thrust: Categorization**

Whether in level 5 or 6, South African private higher education is overwhelmingly commercial. The same holds even for its graduate level, which, judging from the example of other countries, could grow as part of the overall commercial tendency. We need to identify the commercial core of South African private higher education more closely.

Through reference to the basic private higher education literature, this task can be initiated but not consummated by process of elimination. Insofar as that literature concentrates on three types of private higher education, we have already seen that two—religious and elite are comparatively very limited in South Africa. That leaves the type of private higher education often born internationally through demand that exceeds the supply offered through at least somewhat selective public institutions. But the South African commercial surge—like that in most of the contemporary world—is only partly consistent with that third type. This conclusion matches Kruss' (2002) analysis of the HSRC findings.

Kruss then poses the possibility of a “fourth” type, essentially for specialized commercial institutions. In fact, given the small religious and elite presence, she posits basically a large “fourth” subsector alongside a small elite subsector, so that South Africa would almost have just two private subsectors of very unequal size. This is an example of where the South African case can be very helpful in reconsidering and reconfiguring conceptual categorizations for global use.

For the most part, the commercial core in South Africa and elsewhere fits the third type of private higher education. The reticence of just leaving it at that, and the need for rethinking, comes from two inter-related points. The first concerns the demographic thrust of growth and apt terms to depict it. The literature often refers to a “mass” private sector. South Africa’s private sector is not mass in the sense of holding a majority of total enrollments. Nor is “excess demand” satisfying in the South African context, since there is not huge enrollment growth in the higher education system.<sup>21</sup> “Demand-absorbing” suffers similarly, though less so. To be sure, none of the three terms is squarely inaccurate, as secondary school leavers who cannot get into public higher education (or at least into the public institution they prefer) gain access to private higher education.

The other major reservation about considering the commercial growth as part of the third type is that this type is generally regarded as inferior to much of the public sector. Yet a strongly negative image is more the product of critics’ denunciations than of scholarship. Scholarship usually depicts a mixed situation, both because of problems within the public sector (less severe in South Africa) and achievements within the private sector. These achievements do not include much advanced theory, basic research, or the like, but they do include important practical tasks, especially concerning higher education’s link to the job market. Furthermore, over time, and even as early as a decade ago, there has been increased reason to refer to a kind of type 2.5, between demand-absorbing and elite (Levy 1993). The idea is that much of the commercial growth can have quite attractive aspects for some, and not serve as just an option of last resort. Related to this is the finding that some institutions initiated much like type three institutions endeavor seriously to improve or broaden themselves. Examples have been found from the Dominican Republic to China.

So what really lies before us in many countries—including South Africa—is a spectrum between substantively weaker and stronger commercial institutions. The spectrum can extend all the way into the elite (or religious) category, but in South Africa only rarely and partly.<sup>22</sup> In fact, it is not a spectrum so much as spectra since certain institutions make their mark in one or a few ways but not in other ways. This is an especially pertinent point as South Africa’s and others’ commercial surge largely involves small, specialized institutions; forty of the sixty private institutions identified by Subotzky (2002) function in just one field of study. The spectra need to be investigated with regard to variables such as true job orientation versus just pretense, updated versus outdated curriculum, serious hands-on teaching by skilled practitioners or erratic teaching by those who are neither such practitioners nor scholars, useful if modest facilities versus pseudo institutions, and a concern for learning or just profits.

We lack an empirical base upon which to compare countries extensively and confidently along these lines, especially since there is often such a wide range within countries. Nevertheless, a tentative impression is that South Africa's commercial private higher education probably more often comes closer to the favorable side of these dualities than does commercial private higher education in countries such as Colombia. Student responses in the HSRC study suggest that some students have strong reasons to have chosen their private institutions, though others do not paint a dynamically positive picture. South Africa shows that a private commercial sector that is academically no competitor with leading public universities may nonetheless achieve quality in important practical tasks and rank well on those within the higher education system.

Midrand Graduate Institute, an agency institution within the Educor group, illustrates key aspects of a status well above demand-absorbing.<sup>23</sup> Midrand was one of those institutions calling itself a university until the government clamped down on such designation. It is also an institution mixing further and higher education, with only hundreds of students in the latter.

Midrand students have often chosen Midrand over other options. Common is a business family background and good performance at private schools; Midrand's Black population has increased as the country's Black middle class has increased. Tuition is higher than in most of South Africa's private higher education institutions. And what is attractive to students is mostly practical. Midrand offers only commercial fields and is keenly linked to the job market. It has pioneered in offering multiple exit points from study to work. It provides for extensive campus visits by companies and boasts a placement service paid for by the employers. Yet Midrand does not see itself as merely a commercial institution. It has a real campus (unusual outside the transnational sphere) and claims to insist on a demanding learning environment. It wants to be the first choice for students in graphic design, where it is close, journalism, computer science, and others. Although such aspirations are lofty in Johannesburg, they appear realistic where Midrand will open new sites, with one site targeted now and others both inside South Africa and perhaps in Botswana, Namibia, and Tanzania contemplated. Midrand looks to sites where there is demand from business class families not keen to use their local public university or to send their children far from home. It is not surprising, then, that Midrand sees its accomplishments and aspirations in far from demand-absorbing terms. Yet however superior it is to most private higher education in the country, Midrand also shares many characteristics with it, including a jobs and for-profit orientation.

### **The Commercial Thrust: Training for Jobs**

Job preparation heads the practical tasks at Midrand and throughout the country's private higher education. Internationally, this is a salient feature of the commercial wave or at least a successful commercial wave. Indeed it is often the abiding preoccupation.

Such a preoccupation echoes, but fortissimo and con brio, the job concern identified in the international literature on type three demand-absorbing or mass private higher education. But the variation is great within type three. In some institutions, jobs are the concern of students and likely some well-meaning professors and administrators, but the preparation is weak. Students may get a job boost more from gaining a credential that other secondary school graduates lack than from learning much that is practical. Coupled with a drive for social status, students often flock to weak institutions of the third type basically to get into higher education, with vague additional hopes about the job market; ad hoc evidence suggests they often feel disappointed. In contrast, students flock to a stronger commercial core with a firmer, clearer sense of how that will propel them into the job market. Substantively weak type three institutions are “practical” in that they pursue “profits,” called that or not, by appearing to offer some job edge to students who have little choice. Substantively stronger commercial institutions boast a more powerful profits and practicality nexus.

The HSRC study produces data on student views of job preparation that are pioneering for South Africa and still quite unusual outside the United States. The HSRC data tend to support a depiction of viable commercial private higher education more than a type three excess demand sector with dubious job links. There has been some government praise of institutions helping students of modest background, including rural, get to the job market.

The job orientation of commercial private higher education worldwide is indicated by the featured fields of study. Here too there is international variation. One approach is the fields are not so tightly tied to jobs, so that the idea is mostly to learn how to learn. That approach makes sense for much of higher education, but the private commercial side is usually much more focused if it is successful. At any rate, such focus is key to how South Africa’s commercial private higher education presents itself, just as it is for the United States and probably most other for-profit higher education, as well as a good chunk of the world’s growing commercial nonprofit private higher education.<sup>24</sup>

At the sixty identified private institutions (Subotzky 2002), 47 percent of enrollments are in business and commerce. This compares to 28 percent, with science included, on the public side. The public sector’s 46 percent in social science and the humanities and its 26 percent in engineering and technology form even much starker inter-sectoral contrasts, as the rest of the private side is 21 percent education and 13 percent sciences.<sup>25</sup> South Africa reflects private field profiles found in other countries, but especially for the third type or even more especially for new private surge, heavily commercial. The exceptionally sharp field profile in South Africa’s private higher education buttresses the idea of South Africa epitomizing the global commercial trend. Although the world’s private higher education usually lacks much representation in science or agriculture, the South African figures for many of the other fields are comparatively low. A related sharp manifestation of global commercial tendencies is the short time span of South Africa’s private programs, as in computer studies and management (Smit 1998a).

The TVETs and corporate classrooms naturally are prominent in South Africa's field profile of practicality, and the agency institutions are mostly in business, with some information technology. South Africa's nonprofits and transnationals have a somewhat broader and less purely vocational span, but they too show a mostly commercial orientation and of course they account for only a small share of the country's private enrollments. Moreover, with its mostly commercial Masters programs (and the tiny doctoral component also mostly in business fields), South Africa mostly fits the global pattern for expanding private graduate education, except in the rare circumstances around the world where there are academic elite missions. According to Cloete and Bunting (2000: 29), several companies on the Johannesburg Stock Exchange help students find work. Clearly, some institutions promise to assist students find work, while noting they cannot guarantee placement; formal tracking data appear non-existent. The loop between private higher education and jobs sometimes goes beyond just offering studies that should help a student find a job.

However notable the private-public distinctions regarding jobs, probably even greater in South Africa than often seen elsewhere, the distinctions blur to the extent that public institutions also become more commercial in their fields of study and curriculum. Other blurring occurs where countries have technical public sectors that aim to be more practical and direct for jobs than are their university counterparts. Such is the case with South Africa's technikons, many created in the 1970s. Divided by race, as with universities, some were to provide job relevant training to Blacks. As shown in countries like Hungary, with its public "colleges," the private institutions strive to find an edge in studies for jobs. The technikon performance is debated. Some emphasize the practical training requirements and job rewards. Others claim that they have allowed a path for a private edge as they are overly tied to the old economy, with outdated curriculum, poor relationships between theory and practice, drift toward soft subjects rather than their proper mission, limited quality management—and a desire (as seen in public non-universities in much of the world) to be like universities. In contrast, TVETs and many other South African private institutions relish their job-oriented field distinctiveness and approach. These are "make or break it" for-profit commercial institutions.

The link between higher education and jobs obviously goes a long way to explain why students pay for private institutions. Reliance on tuition is common especially for the new surge of global private higher education and is especially sharp where this education is for-profit. The status of student as paying client is clear. Thus, almost all of South Africa's private institutions depend fully on student payments. Notwithstanding some philanthropy for education (including from Oprah Winfrey), private higher education is not a major recipient. Nor does private higher education receive government money. Neither absence is unusual internationally, but there are important exceptions.

For their rarity in South Africa, a few institutional exceptions underscore the national rule about tuition-dependence. At least one, though a for-profit, has additional income

sources. And one nonprofit claims to be unique in offering full scholarships to all first-year students, many disadvantaged, and then employing them in a variety of campus jobs such as filing and cooking, so that there is no non-student staff for such jobs. But the widest exception, which hardly undermines the commercial focus, is the corporate classroom. Students need not pay because the corporation is training its own work staff, as well as advertising. In a couple of cases, corporate classrooms are open to non-employees as well, but again all in keeping with the companies' for-profit pursuits and strict job orientation (Fehnel 2002). For the most part, however, South Africa's private higher education survives as long as students are willing to pay for job-directed training.

All in all, South Africa epitomizes the global trend in job-oriented commercial private higher education. Nothing better exemplifies the emphasis on practicality.

## **FOR PROFIT**

We have seen that the for-profit type predominates in South African private higher education and its practical emphasis. The point is so important for international concerns about private higher education that this last part of the paper fleshes out further dimensions of the for-profit phenomenon.

### **South Africa in the Forefront**

Unlike the situation in most of the world, South Africa clearly allows for-profit higher education; the law requires South African private higher education institutions to declare themselves as for-profit or nonprofit. For-profit provision, labeled as such, forms the great bulk of the country's private sector and this is quite unusual. Mabizela, Subotzky, and Thaver (2000) found that five companies on the Johannesburg Stock Exchange owned 43 of the surveyed 145 private institutions and these 43 accounted for 60 percent of the private enrollment. Delistings from the Exchange have since occurred, but even the private higher education unrelated to the Exchange is overwhelmingly for-profit, including small proprietary institutions and some corporately owned institutions.<sup>26</sup>

Most of the world's private higher education is legally nonprofit. That statement holds even for recently established private higher education in most countries. But it holds less strongly now than before. Moreover, increasingly, if we get beyond legal designation to focus on actual functioning, for-profit reality is widespread. Constitutional or other law typically bars for-profit higher education or is silent on the point so that for-profit is neither clearly disallowed nor clearly allowed. One can often read about the private higher education of a given country without learning whether it is legally for-profit or not. In a variety of such circumstances, then, many commercial private higher education institutions pursue profits but avoid running afoul of the law by not formally distributing profits to shareholders. They

may instead give inordinately high salaries or perks to relatives on the payroll, or build facilities that lack educational justification. Yet other institutions or some of the same ones may also reinvest profits into bona fide expansion or improvement and there the line between legitimate nonprofit and for-profit behavior blurs. If we talk about the actual functioning of private higher education institutions, whether legally for-profit or nonprofit, whether honest about their pursuits or not, they are in much of the world increasingly and significantly for-profit.<sup>27</sup> At the same time, however, as both the South African and U.S. cases remind us, legally for-profit institutions need not actually turn a profit.

Even legal for-profit higher education is on the rise. A vital aspect of this is the penetration of global companies into many countries. For example, Jones International now has some 40,000 students in some 40 countries. The University of Phoenix, part of the Apollo Group, and already the largest private university in the United States, is another major example of foreign penetration, as are Sylvan Learning, DeVry, and others. The penetration can involve partnerships with local institutions, as with Apollo and Brazil's Pitágoras University, recently established.

Other vital for-profit expansion basically involves the creation or expansion of domestic institutions, though often with some international promotion or influence. Ukraine is one example. Another is Jordan's quick private higher education growth in the 1990s. In eight years, these enrollments grew 26-fold, to 35,000, or one-third of Jordan's total enrollments in 1999. The private institutions include seven universities and ten community colleges.<sup>28</sup> Jordan is also an example of where for-profit growth is part of the wider promotion of private higher education (as well as privatizing features of public higher education [http://www.worldbank.org/education/economicsec/private/private\\_index.htm](http://www.worldbank.org/education/economicsec/private/private_index.htm)) by the World Bank and particularly its spin-off, the International Finance Corporation. Most Philippine private higher education institutions are publicly traded companies aimed at profit-making (González, 1999). A similar point holds in Malaysia. For-profit higher expansion is often part and parcel of non-university expansion and this is pointedly the case for Africa, Sawyerr (2002) reports that whereas private universities are mostly non-profit, the for-profit form is salient on the vocational, non-university side. In this context, South Africa appears fairly typical in the region regarding non-universities but increasingly atypical for its lack of private universities.

Apart from the creation of fresh for-profit institutions, there is also a movement from de facto to legal for-profit status. Brazil and Peru are examples, though many of their nonprofit higher education institutions remain nonprofit. In late 2002, after rather vigorous debate, Chinese legislation putting private higher education onto much more secure legal footing included recognition of the for-profit form.

Of course the most important national case of for-profit higher education is the United States. This is so both because it is a long-standing domestic example for international reference and because of the recent global penetration of U.S.-based for-profit companies. A

major set of recent studies profiles the size and shape of the growing U.S. for profits, especially its students.<sup>29</sup> By 1997-98, for-profits accounted for eight-ten percent of U.S. certificate and associate degrees, but only still one percent of bachelors, the basic “undergraduate” degree. These data starkly reinforce the point about private and particularly for-profit higher education as often non-university and even below level six.

Three major types of U.S. for-profits are identified, showing some overlap with the South African classification of transnational, agency, TVET, and corporate classroom. The first is the “enterprise college,” which is small and local and often single-campus, and thus would overlap many of the TVETs and agency institutions. Second is the “supersystem.” The Apollo Group fits here, as does Corinthian Colleges and others. Supersystems have wide geographical coverage, including sometimes beyond the United States. Twelve corporations on the New York Stock Exchange run higher education institutions. Supersystems are growing robustly and gaining increased attention. There is some overlap with the transnational and corporate classroom forms and South Africa has prominent private higher education groups. A third type (e.g., Jones International, started in 1983) is Internet-based education, mostly for students in their 30s and 40s, but this delivery-defined higher education, heavily international, could be subsumed under the other types.

### **Acting for Profit**

For-profit growth depends not just on structures or forces that may appear impersonal, such as institutions and markets. It depends also on actors, including their motivations. We look here first and foremost at students, but then analyze the relationship with faculty and, to a lesser degree, managers.

*Students.* What we see for South Africa’s private students appears consistent with what we learn about students in commercial, especially for-profit, higher education elsewhere. This point does not suggest something precise but rather strong tendencies along with key concerns about the variation. For the United States, more than for any other country, we now have substantial data on the for-profit student. The findings can serve as benchmarks or even hypotheses for investigating the profile in South Africa and elsewhere.

One line of inquiry concerns socioeconomic background and echoes a debate about level 5 education: whether for-profit education is part of a wider problem of inequality fostered through a competitive marketplace or part of a market solution that opens opportunities for those of more modest background than those who enter public higher education. Another line of inquiry concerns student satisfaction and, integral to the for-profit pursuit, this has to do mostly with how students see their training in relation to job outcomes.

On the socioeconomic side, the U.S. data point mostly to the progressive side, though with ample variation by institution. U.S. for-profits do not draw mostly off the privileged strata of high-school graduates, probably not often tapping the top 25 percent. Another point is that many students are adults, not the traditional youth just out of high school (who, if from modest socioeconomic background and pursuing a job, tend to choose public community colleges). Indeed, they are typically working adults, including many “contingent” workers as in freelance jobs. This is a powerful factor for the University of Phoenix.<sup>30</sup> Of course working adults do not constitute the poorest of the poor but neither do they constitute a profile of privilege.

In the end, the student socioeconomic profile much depends on the comparisons we choose. Compared to the overall higher education population, at least in the United States, the for-profit student body would be less privileged. But since the world’s for-profit presence clusters in level 5, comparisons with public two-year and similar institutions could reasonably suggest a different picture.

The South African data available on socioeconomic background indicate something in between critics’ charges of elitist socioeconomic and racial background, and private sector claims of a progressive profile. The private and public sectors appear similar in (gender and) racial composition, about 60 percent Black.<sup>31</sup> The Black percentage would be highest in the TVETs and corporate classrooms. The HSRC study suggests that all four types of institutions cater to both those just graduated from secondary school and adults. Some private institutions make a point of attracting traditionally disadvantaged students, but the students come largely because of inability to gain access to public institutions, convenience provided by privates, a perception that a degree is easily achieved, and so forth (Mabizela 2000).

Tuition at South Africa’s private institutions is seen as relatively high, a barrier to broader representation (Smit 1998b). In countries such as the United States, with prestigious nonprofit institutions, tuition at for-profits may appear rather low, but in South Africa comparisons are naturally drawn between the for-profits and the public institutions. A logical for-profit argument against the critique that tuition is “too high” is that the marketplace shows students are willing to pay, and profits depend on clients’ conviction that institutions deliver on their claims of job results: profits through practicality. A counter-argument is that willingness to pay depends too much on ability to pay and South Africa, like most countries outside the United States, lacks government loans for students at for-profit institutions.<sup>32</sup>

In any event, the socioeconomic question should be linked to the question of satisfaction and outcomes. We need to know what happens to the students. A moderately higher fee for substantial results is “cheaper” than a moderately lower fee with limited payoff.

The for-profit claim is that a (socially rather modest) population gets a leg up over what it would otherwise get. The claim can be backed by arguments deduced from the logic of the marketplace. Students are for the most part the key to for-profit higher education. Choosing and paying for their education, they aim at something they believe they can gauge: enhanced job prospects. This is crucial to the for-profit form of higher education. After all, a basic explanation for nonprofit sectors, in higher education or elsewhere, is “contract failure;” clients lack a bottom-line measure of organizational performance and so must “trust” the provider and are less likely to trust a provider that pursues profits.<sup>33</sup> In job-oriented education, however, there *is* a fairly discernible bottom line. For-profit providers thus logically have a need to be accountable to students.

But theory is not empirical data. Therefore, it is impressive how much U.S. data collected in the last few years sustains for-profit claims about students. They show students to be demanding and satisfied with their institutions, curriculum, training, and in general with what it takes to get a good job. And data on actual job placement sustain the student perceptions: good jobs have usually come in fairly short order—though one must be cautious of results achieved during an economic boom (captured in late 1990s’ data). Students also often benefit from the for-profit institutions’ vigorous contacts with employers, job-related research, job-placement efforts, and monitoring of placement openings and results, just as they often benefit from small classes, student counseling, and remediation opportunities. Contrary to popular notion, U.S. for-profit higher education (outside the Internet-based providers) is mostly site-based, even in the supersystems that also use the Internet. A South Africa parallel apparently lies in the face-to-face modality common in most TVETs and agency institutions, with more of a mix between that and distance education at the transnationals. At least in the United States, there is also ample student-teacher contact, whether face-to-face or via Internet, and many matters related to facilities.<sup>34</sup>

Yet how much such features of U.S. for-profit higher education exist in for-profit higher education in South Africa and elsewhere cannot be assumed. Scattered information on the Third World suggests many features are not common, at least outside the international providers, just as they are not common in legally nonprofit providers.<sup>35</sup> When it comes to students, South Africa again epitomizes global commercial and for-profit trends in certain important respects but the picture requires further exploration in other respects.

*Faculty.* A logical global hypothesis (which recent U.S. empirical studies sustain) relates student power to faculty weakness: insofar as students are the core actors at for-profit higher education institutions, faculty lack the position, power, and autonomy they traditionally enjoy at universities. Faculty, often the core actor in research universities, basically serve students and their practical orientations in for-profit institutions. They have even been called delivery people.<sup>36</sup> In several senses, faculty at for-profits should deliver to students and deliver for students. To the extent that faculty in research universities pursue their own interests over those of students, as in choosing which courses to teach, the contrast with for-profits is yet starker. A related example concerns the teaching and training foci of for-profits, usually to the exclusion of research. Especially outside the United States,

university faculty has great power over students; but at for-profits, accountability can be such that students can get professors fired.

A reflection of the lack of faculty power is the preponderance of part-timers. Worldwide, private higher education typically relies on part-time faculty. As at South Africa's transnationals, the part-timers may be drawn from full-time faculty at public universities (and agency institutions hire some such faculty as part-time examiners).<sup>37</sup> Such expeditious or parasitic use is common in Latin America, Africa (e.g., Nigeria and Senegal), China, and elsewhere, whether the public professors are active or retired. South Africa's private sector use of public university professors is comparatively limited, however, as the public universities are not in the dire circumstances often found elsewhere. Some of the country's public institutions forbid their professors from teaching elsewhere, but some look the other way, as counterparts do, more so, where they cannot pay their faculty sufficient salary. Internationally, two key advantages for profit and practice oriented institutions are that part-timers are inexpensive and that they lack organized power to counteract either students or institutional managers. It is not clear, however, whether for-profit institutions rely on part-timers more than nonprofits do. Notwithstanding the U.S. case, nonprofits with ample full-time faculty are exceptional, especially outside the religious and particularly academic elite subsectors. Commercial private higher education, whether formally for- or non-profit, typically uses part-time professors. This is the case for South Africa.

Critics often depict reliance on part-time professors as a sign of low quality and inattention to students. Compared to an idealized academic setting of vibrant campuses with full-time students, office hours, and so forth, this depiction has merit. But the part-time staffing at for-profits has logic beyond limiting pay and power. The logic lies again in practicality, which again converts to profits when satisfied students and potential students are willing to pay: in strong for-profit institutions the part-time professors are full-time or experienced practitioners. This is at least the claim at most of South Africa's TVETs and agency institutions. In fact, practicality may be so impressive as to undermine profits: some TVETs have suffered a brain drain of faculty to big companies. But the real skill level of most faculty is an open question in South Africa and globally. Much evidence about massifying faculties in developing countries, in commercial and other institutions, is that too many have neither great practical nor great academic expertise. South African findings that private faculty, even department heads, are younger and less qualified than public counterparts, must be assessed in this light.<sup>38</sup> On the other hand, Midrand shows that leading private institutions may build a rather formidable faculty profile, with all department heads full-time, and with even part-timers expected to teach complete modules and be available for both formal and informal contact with students.

The gap between what professors bring to institutions and what serious institutions demand of them should dictate what training the institutions provide professors. Places like the University of Phoenix train their faculty to their system; indeed, they hire with an eye toward how well they can make faculty fit in (Kinser 2001; Sperling and Tucker 1997: 21-22). Such training and fitting in contrast with classical university ideas of autonomous faculty

who set curricula and pedagogical policy. But South Africa's for-profits appear to provide little training and some faculty declare they need more, notwithstanding some increased use of video manuals and the like. The lack of training is probably typical of for-profits outside the United States, other than some supersystems operating internationally.

Consistent with training to fit in, places like Phoenix establish a set curriculum. A supersystem like DeVry develops its programs centrally and these get implemented with little variation across campuses or by individual professors. Thus the for-profit brand is recognizable across the system, also affording practical mobility to students. Faculty mostly receive and use rather than create curriculum, requirements, and syllabi, though they may create their own evaluative gauges. Again, however, South African practice differs and is probably closer to what is typical of for-profits globally.<sup>39</sup> Most South African private institutions lack the ability to develop their own curriculum. However, following for-profit logic, many TVET and agency institutions undertake such development and the HSRC study also finds increased packaging in the transnationals.

What we know about faculty in South African for-profit higher education largely fits both for-profit logic and what appears to be a global picture for commercial private higher education, with some major U.S. and supersystem exceptions. But as with students, indeed more so, both the South African and global picture is still empirically scanty.

*Managers and Owners.* Scantier still is the picture of managers though, again, what we see appears to be part of a logical for-profit piece with what we know about the institutions and their students and faculty. Faculty at for-profits are "squeezed" not only from below by students but also from above by managers (or owners, who sometimes are managers). Goals and content are mostly set from above, as institutions appeal to students. Management at for-profit higher education institutions (and at many proliferating commercial nonprofits) parallels that at businesses more than that at conventional universities. Hierarchy and order, not "garbage-can decentralism," dominate.

The South African mix of managers appears typical for for-profit higher education and, for that matter, for commercial private higher education in general. Alongside the rise of the large business groups are a great number of small businesses, usually locally based. Often the founder is the owner and manager, or the enterprise is family-based. In China the founders and owners frequently are retired public university professors with something akin to "the dream of the principal" identified in South Africa. But whatever content mission managers have, that mission must be sustained by profit, and profit may be the paramount driving force.

The profit drive means that managers must pursue efficiency. A crucial question is how much efficiency goes beyond minimizing spending on educational content. The HSRC survey finds that South Africa's private managers do attempt strategic planning and

marketing, but performance evaluation and clear accountability are spottier. Furthermore, TVET and agency institutions may often suffer from excess control by founders. The pursuits, achievements, and problems all appear typical for locally based for-profits in other countries as well. So does the idea of a small core of full-time managers, some doing multiple tasks, alongside part-time managers, not unlike the picture on the faculty side. A basic institutional dilemma is whether more money invested in professional management would ultimately pay off in increased (or more secure) profit, a dilemma not very different from that faced by commercial nonprofit providers.<sup>40</sup>

The drive for efficiency and profits is clearly powerful where the corporate groups reach. This is particularly so as the groups compete fiercely in South Africa. We may use the example of Educorp, which competes with groups such as Adcorp and Advtech. Educorp is a holding company in which the country's largest media company has the majority share. Its loose association of a variety of institutions includes, on the private higher education side, Intec, Damelin, City Varsity, and Midrand. Again, Midrand would appear to show the high-end possibilities, earning respect in some government circles and with considerable academic autonomy from Educorp. Educorp does not grant similar human resource or financial autonomy but is willing to absorb short-term losses as long as prospects for profits are indicated. Those prospects may be considerable as Midrand and its Educorp Group look to emulate the Phoenix and its Apollo Group model in certain critical ways, including the replication of its attractive programs at different sites, taking advantage of its brand name and experience.

### **The For-Profit Interface with the Public**

Intriguingly, other actors are also crucial to the for-profit picture: public actors. We look first at public higher education institutions that partner with private ones and then at government.

*Partnerships between For-Profit and Public Higher Education.* South Africa has jumped into the forefront of partnerships between for-profit and public higher education institutions. Research outside South Africa will eventually have to establish how similar private-public partnerships involving nonprofit institutions are to those explored here; a tentative dual hypothesis is that similarities are significant when the private nonprofits are commercial and indeed that it is typically such institutions that form partnerships with public institutions.<sup>41</sup> Again showing the spurt then restraint sequence seen in private higher education internationally, the South African partnership boom is now in question, due to the late 1990s government moratorium on new partnerships. In any event, the partnerships have been robust and fit the broader tendency of increased private-public partnerships in many policy fields, with scholarly attention on the distinct and complementary logical roles of for-profits and their public partners.

Perhaps the main region for the higher education partnerships has been Asia. Malaysia illustrates where the private provider needs to join with a public entity to get legitimacy; even

where the private provider has recognition abroad, it may lack it at home. India is a long-standing case where many private colleges link up with universities, which are public (though the colleges are largely public in finance). Such partnerships between “lower” private and “higher” public entities emerge powerfully now in China.<sup>42</sup> Similar arrangements also evolve in other regions, as in Russia and elsewhere in Eastern Europe, where academic quality and prestige traditionally reside in public universities but fresh political-economic and higher education forces create a need for very different providers.

The weight of South African partnerships is impressive.<sup>43</sup> Mabizela, Subotzky, and Thaver (2000) estimated that nearly half of private enrollments involved such collaborations. Agency institutions have been especially prominent in partnerships, involving twenty public institutions (nine universities, seven technikons, and four colleges). The country’s partnership roots lie in the transition period away from apartheid. Afrikaans universities feared that the new government would look askance at them, treat them harshly, and reduce public financial support. Joining up with colleges could provide both access to Black students and increased private revenue. Results have been sufficient to make English universities try to follow suit, hampered however by the government moratorium. South Africa illustrates partnership creation by two existing institutions (each retaining its own juridical identity), whereas some Malaysian partnerships emerge when the existing public institution (foreign or domestic) creates a for-profit private partner.

What South Africa’s for-profit private colleges get through partnership are inter-related rewards of legitimacy, quality, and content breath all commonly questioned when it comes to for-profits. Its brochures can cite the public partner’s programs and degrees. The private inability to develop curriculum or to have it credited leads to purchasing or otherwise obtaining it from public partners. Public institutions’ faculty may run programs at the private affiliate or control curriculum, examinations, and other matters. The private affiliate may itself lack government registration, even if it has foreign accreditation, and gains standing through its public partner.<sup>44</sup> With partnership in place, a private affiliate may offer its own courses toward a public university program in a given area. Or at least it may bolster enrollments (which in some cases would be tiny). Furthermore, the affiliate may gain access to the university campus and facilities for its students; however, many public partners do not grant automatic access to facilities to students registered with partner privates and the private partners have to pay for special arrangements. Here then is a controversy about whether partnership brings true racial integration or merely attractive figures for officially mixed enrollment.<sup>45</sup>

What South Africa’s public universities get is protection, access to students, and money. Political protection relates to the point about Black enrollments, which of course also relates to access. A further form of protection comes as public universities may feel less pressure to diversify their tasks or student body at their principal campus. So protection is part of a freedom to pursue comparative advantage. And access refers both to under-represented groups and to pathways from lower private levels to higher public levels. Public universities may pledge facilitated access for students who do well at the private affiliates,

though government officials have been unhappy with the lack of clear guarantees (such as those between some community colleges and universities in U.S. state systems). Where public universities falter in their own attempts at distance education, they have sometimes found a viable private partner for a distance component.<sup>46</sup>

Naturally, a wider stream of students for public universities is in part about money. In fact, government is concerned that public institutions are double dipping by getting a cut from the tuition paid at the private partners and then counting the students in the enrollments used to calculate government subsidization of public universities, even if the students are really taught in the private affiliates. Of course the privates seek finance too but largely through the enhancements just described, which buttress their ability to attract students, who pay. In any event, both private and public partners generally pursue profit, though only the legally for-profit partner calls it that.

South Africa thus illustrates a global tendency in which public universities, otherwise more hostile or indifferent to private growth, see opportunities to benefit from linking that growth to favorable partnerships—so much so that what looks good to public universities looks suspect to government.<sup>47</sup> More broadly, South Africa appears to epitomize global tendencies in which commercial private higher education plays roles mostly distinctive from those in public higher education, though also partly competitive with them. It certainly epitomizes the formal partnership that flows from mutual interests born of complementary private and public roles.

*Government as Actor.* Public higher education entering partnership with private higher education is thus an actor in private growth; how might government be another public actor in private growth? At one extreme, some governments still prohibit private higher education or do not grant it official recognition for its degrees. At another extreme, governments actively promote private expansion, whether by subsidizing it, getting compliantly out of its way, or pursuing policies that curb public higher education.

South African policy in the last decade has fit neither extreme but has shifted over the intermediate terrain. It has followed patterns seen in many countries experiencing a surge of unanticipated growth: ambivalent, it initially stood out of the way and then, concerned, regulated and thwarted the expansion. The famous White Paper (Department of Education 1997) on higher education for a new South Africa welcomed private higher education, though with major restrictions.<sup>48</sup> But moratoriums have had an important impact, notably on private-public partnerships and on transnational privates.

How government should act in regard to private commercial higher education, whether for-profit or nonprofit, is a major question today in much of the world. Although this paper is not basically about public policy, a few points flow from its analysis of profits and practicality. These points are pertinent to debate in South Africa and more widely. Debate is

hot even in the United States, with its long acceptance of private higher education and its general acceptance of for-profit activity. Even there, the recent for-profit higher education (especially corporate) surge has caught policymakers off guard. Both law and public policy are unsettled and quite variable by state. U.S. for-profits have often had a tough time from both public and nonprofit private providers, often influencing state policy, and greater receptivity from the federal government and accreditation agencies for the different—student oriented education they provide.<sup>49</sup>

Crucial to public policy on for-profits is consideration of dimensions of complementarity versus competition. Complementarity appears strong in South Africa, probably even more than in the United States, regarding the role of for-profits viz. public institutions. In both countries, complementarity yields some to competition in that public higher education (and nonprofit higher education, prominent in the United States) is also highly and increasingly entrepreneurial. Such entrepreneurialism is rising globally but usually lags far behind what is found in these two countries. So there can be competition between for-profit and public institutions for funds and students. On the other hand, public sector entrepreneurialism helps give entrepreneurialism a decent image or precedent, so that private sectors seem less alien than otherwise. But a more important factor that stands out in South Africa, unlike in many countries in Africa and elsewhere in the developing world, is the relatively high and steady academic quality of public universities, which are not massifying; the private providers do not pose a basic threat to that standing. Private advocates have repeatedly cited the White Paper's endorsement of a complementary niche for private higher education (Tasker 1999; Smit 1998b). However, much depends on how public officials interpret policy provisions that privates simply require "fitness for purpose" versus provisions that they may not be inferior to comparable public institutions.

This is not to discount a potential in South Africa for increased competition, desirable or not. Many public institutions see a threat. Their fear is apt to the extent that for-profits are efficient and successful in pursuing students' job-market goals that are now so popularly relevant to the public higher education. Crucial is that some of the for-profits are not bottom-of-the-heap excess-demand institutions but sharp commercial institutions boasting many attractive aspects, and of course not all the public institutions have stature approaching that of the public leaders. Competition can be especially dangerous for public technikons, which lack the academic stature of universities. Some public institutions have seen themselves forced to become more flexible than they wanted in their offerings. Eastern and Central Europe appear to offer sharp precedent for how commercializing public universities increasingly see private providers as competitors, whom they then seek to weaken through restrictive public policy (Tomusk 2002). In South Africa, private providers bemoan the political clout of the public association of Vice Chancellors, as in their influence against private transnationals.

For better or worse, the South African government has indeed moved to restrictive positions. Arguably, the White Paper held the seeds where it implied insistence on certain equity roles and standards for all institutions, all linked to a system of national priorities

steered by government. Such notions can be unfriendly to the reality of many for-profit institutions. And these institutions, like commercial counterparts in other countries, complain bitterly of excessive and misguided regulations, including requirements for registration, re-registration, periodic accreditation, odd registration-accreditation sequences, short notice, uncertainty, inconsistency, and costs. Considerable displeasure focuses on how criteria for registration and accreditation are much more suited to public institutions (as in the accreditation agency's "blue book") and fail to appreciate the market-based rationales and approaches associated with profits and practicality.<sup>50</sup> Strong private higher education institutions further complain that, under pressure from public institutions, government is often tougher on them than on fly-by-night privates. At the same time, there is evidence of variable and often accommodating policy toward serious private places. Some high public officials acknowledge periods of unduly difficult public policy and cite good faith efforts to simplify.<sup>51</sup> Many claim that accreditation and other regulations are not very demanding and that they go largely by what the private providers tell them about themselves.

South African public authorities face dilemmas typical of settings involving for-profit or other commercial higher education. On the one hand, they have concerns about quality and mission and insuring a marketplace with accurate information, for consumer protection, including for students at dubious institutions. They cannot permit, for example, the persistence of "institutions" that accumulate tuition without real enrollment. They also have political and educational concerns about impacts on other higher education institutions, mostly public in South Africa. On the other hand, they need to avoid thwarting useful if untraditional higher educational options in a marketplace providing (without government expenditures) access and jobs for a society and economy whose development depend on a great increase of skilled workers. If for-profit higher education pursues legitimate roles, then regulations ill-suited to it may rob the system of size, competitive energy, and choice, lead to distorted labeling, or leave public providers to do what they are not best prepared to do.<sup>52</sup>

## CONCLUSION

Most of what at first may appear exceptional in the South African case turns out not to be, or to provide a twist to a comparatively common tendency. Or the global panorama shows a range such that South Africa contrasts with part of the range while fitting part and indeed epitomizing increasingly large parts. All in all, South African private higher education differs from impressions more than facts about private higher education elsewhere. South Africa does stand out for the clear, prominent, for-profit legal labeling of the bulk of its private higher education. But for-profit status is growing elsewhere and, much more importantly thus far, much of the world's fresh private higher education growth involves legally nonprofit institutions that function largely as for-profits. Commercial orientations, which characterize almost all of South Africa's private higher education, also characterize the bulk of recent private higher education growth worldwide.<sup>53</sup>

The closing paragraphs here re-identify core patterns of South African private higher education that fit, often in sharp form, global trends in commercial private higher education. In South Africa, all these patterns relate powerfully to for-profit logic and both confirm and generate hypotheses about for-profit private higher education elsewhere.

Commercial private higher education arises from market forces much more than from grand government design. Although it has historical roots in proprietary and other vocational forms, it is mostly tied to fresh economic forces and social change. Largely unanticipated, this new private higher education creates great confusion about definitions, size, and policy. It emerges in various forms: domestic, international, freestanding, corporate, partnership, distance, face-to-face, and so forth. But across such forms an abiding focus is practicality; the practicality is usually tied to the pursuit of profit or something akin to it.

Especially where profit is a clear-cut pursuit, as in South Africa, many traditional forms of higher education are minimized. These include religious, liberal arts, research, other academic elite university pursuits, and the nonprofit private or public status associated with these forms of higher education. Instead, the commercial private institutions highlight their focus on training for jobs, as reflected in their curriculum and fields of study. If they are successful, they may escape the pejorative connotations often associated with “demand-absorbing” institutions and they even sometimes find a practical niche with certain semi-elite characteristics.

The successful commercial private institutions place students at the core. Students are consumers with power of choice and purse. Managers and owners run the institutions to attract the students and of course to make money through efficiency. This leaves faculty, overwhelmingly part-time but ideally with valuable practical expertise, without the power they have in classical universities. Their role is largely to fit in to the curriculum and other institutional dynamics of practicality.

South Africa is not a private higher education world leader in the sense that other countries have looked to emulate its example. But it stands near the forefront of global trends in a commercial private higher education that emphasizes profits and practicality.

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## Notes:

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<sup>1</sup> An earlier version of this paper was a keynote presentation for the conference “Understanding Private Higher Education in South Africa,” Benoni, South Africa April 9-10, 2002. A much shorter revision is Levy 2002 in a special *Perspectives in Education* issue, December 2002, devoted to South African private higher education. The author gratefully acknowledges the Ford Foundation’s support of his ongoing study of private higher education worldwide. He thanks Glenda Kruss and PROPHE Collaborating Scholar Mahlubi Mabizela for continual guidance about the South African case. Other PROPHE members and D. Bruce Johnstone commented on an earlier draft and George Subotzky helped on the evolving quantitative dimensions. Also valuable were conversations in August 2001 and April 2002 in Johannesburg and Benoni with leaders from government, accrediting agencies, private institutions and associations, and research centers. Among those on the government side were Nasima Badsha, Deputy Director General of Higher Education) and Molapo Qhobela, Chief Director, both Department of Education, as well as Salim Badat, Chief Executive Office of the Council on Higher Education.

<sup>2</sup> See PROPHE working paper #1 (Levy 2002). Furthermore, the perceptions may get reinforced when interested parties consult the small, established literature on private higher education worldwide, mostly U.S.-based, although that literature should at least destroy the myth that private higher education is a rare aberration. In fact, the shape of South Africa’s private higher education growth does differ importantly from that analyzed in the literature, principally in works written by the 1980s. South Africa shows much that should force scholars to rework key aspects of the literature on private higher education.

<sup>3</sup> The purpose of using global perspectives to understand South Africa links up with the point about defying exceptionalism, so that South Africa can fruitfully scrutinize international experiences for understanding and even lessons. Compared to many other countries, South Africa shows interest in international experience and policy deliberations have included attention to Europe, Australia, the United States, and other parts of Africa. For a fresh work on South African higher education, see Cloete et al, 2002.

<sup>4</sup> The Centre is the former Education Policy Unit and is now a PROPHE Partner Center. Key at the HSRC has been the “Private Higher Education Project,” culminating in the conference on “Understanding Private Higher Education in South Africa,” Benoni, South Africa April 9-10, 2002, and the special *Perspectives in Education* issue, December 2002. I have benefited from the HSRC (1) “Case Study Research Guide and Instruments” (unpublished); (2) Andre Kraak, “Private Higher Education in South Africa,” a proposal to the Ford Foundation, June 2001 (unpublished); (3) my participation in the project planning process, including a conference “HSRC Private Higher Education Project” August 28-30, 2001, Johannesburg; (4) guidance from Professor Glenda Kruss, the project’s lead researcher.

<sup>5</sup> For information on private higher education globally, see the website of the Program for Research on Private Higher Education, PROPHE, including the bibliography it provides: <http://www.albany.edu/~prophe/>.

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<sup>6</sup> Mabizela 2000. Similarly, Thaver's (2001: 41) description of South Africa's private growth in the 1980s could fit many cases globally: barely regulated expansion on the borders of "higher education," and a lack of clarity about which legal instruments applied to which institutions.

<sup>7</sup> South Africa College, 1829, launched the country's higher education on the private side, though it quickly became semi-private. In the early twentieth century, "correspondence" courses (a traditional form of distance education) existed mostly for Blacks, while the public institutions were for Whites. For an historical overview, see Mabizela 2000 and 2002. On large enrollments in the correspondence colleges, see Andrew (1992).

<sup>8</sup> An additional Subotzky study in progress deals with the December 2001 data, reporting internal characteristics of the private sector (e.g., race, fields of study) basically consistent with those found in the earlier two surveys, whose data this working paper cites.

<sup>9</sup> Hofmyer and Lee (2002) report data on private ("independent") schools. There were at least 1,494 as of 2001, up from 518 in 1994. Among the key similarities the authors find between South Africa's private schools and private higher education are: substantial growth, including unanticipated growth, ample private-public institutional partnerships, yet also increased private-public competition, ambiguities and contrasts involving serious and fly-by-night institutions, small average size, and risks from government regulation. On the other hand, the schools claim to reach further down the socio-economic ladder while nonetheless sometimes offering superior quality, and, crucial to our paper, most are *nonprofit*.

<sup>10</sup> As in the case of Bond and Monash, the South African government forced them to register as foreign companies so they are widely known now as Bond, South Africa and Monash, South Africa. In contrast, the Graduate Institute of Management and Technology is a South African institution offering the MBA of the United Kingdom's Henley University.

<sup>11</sup> Subotzky (2002) reports a surprising low transnational enrollment of 1,458, though with growth potential. Of 14 applying for registration, only 4 were already registered. Mabizela, Subotzky, and Thaver (2000) also reported 14 (11 universities), with an enrollment of 3165 or just 3 percent of the total private enrollment in their 145 institutions. Much higher transnational figures may carelessly reflect the universities' enrollment at home. On the other hand, the figures cited here might be low insofar as many unregulated transnational providers also operate. Unlike the situation with agency and TVET institutions, the majority in the transnational category is covered in the HSRC survey (Kruss 2002). However, while we can refer to general findings of that study, the study understandably does not name the institutions it sampled.

<sup>12</sup> Salmi 2001. A leading work on the big corporate surge is Ruch 2001. Thompson (2000) finds only limited growth of U.S. corporate colleges, after a surge in the 1970s and early 1980s, but definitions are fuzzy in this landscape. Ruch and others convincingly show huge growth, highlighting the large business groups that penetrate internationally; he also notes the long roots of U.S. for-profit higher education, proprietary and practical, but the surprise at the

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sudden growth in the 1990s of publicly owned and traded institutions. Whereas only DeVry fit the description in 1991, roughly forty institutions did by decade's end.

<sup>13</sup> Levy 1986. A related three-part categorization refers to private higher education, compared to public higher education, as offering different, better, or more (Geiger 1986). At least for South Africa, both categorizations need adaptation. Two sections in this paper particularly explore this matter: one deals with South Africa's limited private elite education and the other deals with categorizing South Africa's robust commercial private education.

<sup>14</sup> Among other reasons for the limited presence are the tradition of religious studies within South African public institutions and a period of apartheid government policy hostile to mission schools (thus perhaps affecting a potential stream for religious higher education). The contrast is sharp with Kenya's major religious presence in private higher education (Otieno 2002).

<sup>15</sup> Parallels can be drawn to Malaysia's religious higher education, also rather small (compared to the Philippines for example) and behaviorally often quite commercial.

<sup>16</sup> The high for-profit to nonprofit ratio may be of special concern to those who see nonprofits playing a major role in South African democratization. Nonprofits are often characterized globally as fragile organizations or sectors (Salamon and Anheier 1999: 15).

<sup>17</sup> The provision that institutions had to be legal entities in South Africa made for problems for institutions such as the University of Warwick as law back home in the United Kingdom does not allow that status abroad.

<sup>18</sup> Snyckers (1999: 60); Kraak 2002. Thaver (2001: 42) notes media portrayals of declining public university quality, linked to flight to private transnationals in the early 1990s, but that flight was not long-lived.

<sup>19</sup> As in much of the world but more sharply, private Masters enrollments are in commercial more than academic fields. Subotzky (2002) finds 82% in business, commerce, and management, while private doctoral enrollments are miniscule.

<sup>20</sup> Subotzky 2002. Where higher education was less restrictively defined (Mabizela, Subotzky, and Thaver 2000), level five is even larger (80 percent) and level 6 even smaller (14 percent). At least judging by the HSRC survey (Kruss 2002), the great majority of South African private higher education institutions operate at level 5, though many (probably a disproportionate share) in the survey also operate at level 6.

<sup>21</sup> Mabizela (2000) makes this point, but properly qualifies it by noting that even though South Africa's public sector is atypical in that enrollments have stagnated (recently falling on the university side), it is typical in that there are major constraints on public funding.

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<sup>22</sup> A place like the Catholic University of Córdoba (Argentina) lacks the basic research, full-time professorate, and other elements of academically elite higher education, but it has certain professional faculties of high quality and in some cases can beat the fine public university of Córdoba in attracting students. More common in Argentina, as in many other countries, is that a private university has programs that fail to attract the very top students but rank ahead of most public programs. A similar point may hold about social class. On Argentina, García de Fanelli 1997.

<sup>23</sup> Site visit to the Midrand campus, Midrand, South Africa, April 10, 2002, including interviews with Paul Steyn, Managing Director, Margie Carms, Business Manager, and, at Benoni on April 9, Sue Bedl, then Principal Consultant for Educor.

<sup>24</sup> On how U.S. for-profits are driven by employer needs, and student interest in matching up with these, (and on the success in so doing, as seen by employer and student satisfaction and data on job placement), see Kelly 2001.

<sup>25</sup> The Mabizela, Subotzky, Thaver (2000) survey of the private sector found just one percent in culture and arts, one percent in agriculture and conservation, two percent in areas like engineering, and three percent in humanities and social sciences, with just 4 percent in law (plus military) studies.

<sup>26</sup> Mabizela (2002) points out that even prior to stock exchange listings, many privates were labeled as “for-gain” or proprietary.

<sup>27</sup> A related aspect is where for-profit companies play a major role in higher education that is not itself for-profit. Financial contributions, long rare outside the United States, are now seen in some countries, particularly where there is an attempt at private university academic leadership in the face of public universities’ problems. Other roles involve governance and, of course, stimulating more direct interaction in relation to jobs. Meanwhile, nonprofit or public universities such as Duke and Penn State create for-profit subsidiaries.

<sup>28</sup> On Ukraine, Stetar 1996. On Jordan, World Bank (2000: 2). The Philippines is a case like South Africa in that some companies are on the stock exchange. Philippine private higher education was largely a laissez-faire phenomenon until 1969, followed by regulation that undermined some providers, but then, since 1992, another period of deregulation (Bray 2000: 336).

<sup>29</sup> See Kelly 2001, Brimah 1999 and other studies through the Educational Commission of the States: <http://www.ecs.org/html/issue.asp?issueid=95>. Ruch (2001: 61-62) reports data from the U.S. Department of Education listing 669 accredited for-profits in higher education (500 of which are two-year institutions) but thousands by extended definition of “private for-profit” and thousands more if one includes non-accredited institutions. Also, see the website of a scholarly program on economics of for-profit higher education: <http://curry.edschool.virginia.edu/forprofit/>.

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<sup>30</sup> Sperling and Tucker (1997: 28). Some U.S. for-profit institutions (e.g., Strayer University) have high minority enrollments.

<sup>31</sup> Subotzky (2002) finds the private sector to be 62% Black (50% African), with 29% White, and the rest unidentified; 9% of the student body is from outside South Africa. Mabizela, Subotzky, and Thaver (2000) figures for the racial profile were 47% Black (39% African) and 16% White, but with 37% unidentified.

<sup>32</sup> Students at accredited U.S. for-profits receive government-subsidized loans, though with a smaller subsidy component than for their nonprofit and public counterparts (Sperling and Tucker 1997: 35-36). Roughly half the U.S. states give money to students at for-profits (Brimah 1999).

<sup>33</sup> See, for example, Richard Steinberg's (1993) discussion of the classic theory of Henry Hansmann.

<sup>34</sup> Thomas LaBelle argues that critiques of U.S. for-profit higher education institutions center less on inadequate faculty than on the lack of campus experience for students, but he points out that campus experience and interaction with faculty is often very limited in mainstream higher education institutions. Personal communication, January 24, 2002.

<sup>35</sup> South Africa's private sector claims that almost all its institutions have infrastructure, including buildings, computer centers, and laboratories. Such infrastructure would probably place South Africa modestly high for commercial private higher education globally. More to the heart of performance, even critics often allow that South Africa's corporations value private graduates (Snyckers 1999).

<sup>36</sup> Ruch (2001: 113). Faculty at the University of Phoenix believe that the for-profit status of the institution does not affect their work (Kinser, 2001). Of course, this depends on what they have in mind, and it is likely that faculty from nonprofit and public universities could tell the difference.

<sup>37</sup> Transnationals had the most "conventional" faculty among South Africa's privates, but of course they are now small.

<sup>38</sup> See, for example, Snyckers (1999). To the extent that for-profits reach out to people with formidable practical experience attractive to students, this helps explain the preponderance of White and male professors in South African private higher education institutions, though there is variation.

<sup>39</sup> Limited provision of standardized material is also the rule in most of the world's private nonprofit and public institutions, somewhat offset by national rules imposing standardization.

<sup>40</sup> Many countries have associations of private institutions or owners. There may be one for the private sector or several, as in the United States. In some cases, privates belong to private

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associations and also to associations that include public institutions. Japan and Brazil are two countries with major private higher education associations. A main purpose is to express and defend self-interest. This is the case in South Africa, along with the fact that the government wants to speak with one organization. Aside from the umbrella Association of Private Providers of Education, Training and Development, there is an association more focused on higher education. However, for-profit competitiveness in some ways runs counter to the idea of a unified association, or one voice expressing an intellectually coherent position.

<sup>41</sup> Our concern here is with partnerships between higher education institutions. However, related for-profit expansion involves partnerships between corporations and higher education institutions, whether the latter are for-profit, nonprofit, or public. Also related and growing in China, the United States, and elsewhere are for-profit subsidiaries of universities, corporate incubations at universities, and so forth.

<sup>42</sup> In Shandong, for example, public colleges and universities are now allowed to pilot private branch campuses, in which local and foreign entities can invest; on the other hand, this measure is coupled with restrictions against private enrollment through other networks (*People's Daily*, January 2, 2002).

<sup>43</sup> This is without counting examples of inter-institutional cooperation. To take the Midrand case again, we can see beyond the only formal partnership, with the University of South Africa, where slightly more than half the 2,300 students are counted on the Midrand side. Midrand has amply used individual and institutional curriculum expertise at public universities such as the University of Pretoria and the University of Witwatersrand. Its qualifications are accepted by the University of Pretoria, which saw itself glutted with enrollments; and Witwatersrand can focus more on graduate education when it is willing to accept undergraduate courses from Midrand.

<sup>44</sup> In the early 1990s private institutions would seek foreign accreditation for legitimacy as there was still no South African accreditation.

<sup>45</sup> Government has been wary, seeing how universities could continue to be mostly White with only limited promise for Africans at private affiliates. Yet it appears that there is increased access to the campuses. Without dismissing the positive points about partnerships, Coombe (2001: 10) agrees that some practices are dubious and sees a need for an ethics code.

<sup>46</sup> Pretoria University works with Lyceum and Success Colleges. Agency institutions get tuition for public students through distance education. There are also examples (but fewer) of distance public institutions partnering with private institutions offering face-to-face education.

<sup>47</sup> Government skepticism of public university incentives is also found in China. In Ukraine, government cracked down in 1995 on public universities (doing their best to block other private growth) opening private branches in commercial fields, benefiting from their

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entrepreneurship and autonomy (Stetar 1996). Also see Yorke (1993: 169) for a view of what private and public partners can get out of partnering.

<sup>48</sup> Compared to Latin America's earlier private expansion, South Africa has perhaps seen less hostility from its public universities but more from government. The difference in public university reaction probably has to do with at least two things. One is the different period in the world's political economic history, now more inclined toward private action than before. The other is the lesser South African attempt to create elite institutions to overtake public universities.

<sup>49</sup> Sperling and Tucker 1997. Ruch (2001: 7) argues that U.S. publicly owned for-profits are more regulated than nonprofits, as in having to report to the Securities and Exchange Commission. See also Brimah 2000. Some states have shut down certain for-profits that appear to make fraudulent claims or award bogus degrees in return for money rather than study.

<sup>50</sup> See, for example, Emma Gordon's news commentaries, such as "A Smoking Gun," *Mail and Guardian*, May 18 to 24, 2001; "Colleges left out in the Cold," *The Star*, January 26, 2000 and "High Anxiety in Higher Education," *Business Day* February 23, 2000.

<sup>51</sup> Midrand identifies sympathetic officials and notes that authorities have agreed to train Midrand personnel to conduct accreditation processes, avoiding costly reliance on public universities.

<sup>52</sup> Some South African for-profit providers contemplate going nonprofit for tax and legitimacy incentives while others threaten to drop the higher education side of their labeling, instead functioning as further education or just as private businesses that offer training. Whatever the advantages of such forms for any actor or purpose, government must consider effects perverse to its own interests. Literature on for-profits versus nonprofits in higher education sometimes endorses Milton Friedman's claim that the main real difference lies between tax-paying and tax-avoiding institutions (Ruch 2001: 92). At the same time, an exodus from "higher education" (whether to "further" or to business) allows avoidance of government's higher education regulations.

<sup>53</sup> We have repeatedly distinguished, however, between truly competitive private commercial institutions and "demand-absorbing" institutions that appear to lie in easy markets, where demand greatly exceeds supply. At such demand-absorbers, the commercial thrust is either minimal or limited to collecting tuition, spending little, and offering popular fields of study, while much of what is done is meek, pale, or uninspired emulation of what more established higher education institutions do. Like them or not, the competitive commercial institutions are much more vigorous and enterprising. South Africa would appear to have both forms but, compared with much of the world, more weight on the true market side—a point that relates to the prominent for-profit status of South Africa's private higher education.