University governance and the knowledge economy: Reconditioning the engine of development

Thandwa Mthembu

2009

Suggested citation

Mthembu, T. 2009. *University governance and the knowledge economy: Reconditioning the engine of development.* Development Planning Division Working Paper Series No.3, DBSA: Midrand.

Published by

Development Planning Division
Development Bank of Southern Africa
PO Box 1234
Halfway House 1685
South Africa

Telephone: +27 11 313 3048
Telefax: +27 11 206 3048
Email: lyns@dbsa.org

Intellectual Property and Copyright

Legal Disclaimer

Series Editor: Andrew Paterson
Series Publication Coordinator: Lyn Sumners

University governance and the knowledge economy:
Reconditioning the engine of development
Page 2

Contents

Development Bank
of Southern Africa

Abstract

Since the advent of South Africa's democracy in 1994, national debates on university governance have largely focused on the relationship between the university and government. Universities focus more on the protection of academic freedom and institutional autonomy, whilst government has entrenched the notion and practice of public accountability within that context. With the emergence of globalisation, the knowledge economy and increased expectations on the role of a university in development; the varied social demands on the fiscus that require government to assure returns on investment; the pressure on universities to diversify their support base, financially and otherwise; and the existence of other knowledge centres, there ought to have been greater focus on how university governance should adjust to these pressures and changing circumstances. Drawing mainly on secondary sources, the focus of this paper is, therefore, on university governance as it relates to the knowledge economy and its various organs. In this respect, its points of departure are: the functions and challenges of a modern university; the values and principles that underpin these; the models of governance in place, ostensibly to ensure that the basic functions are performed and the challenges are met; and therefore the existing gaps once filled could allow other agendas of knowledge and development to take root through the university.

1. Introduction

This paper examines how university governance in South Africa has evolved over the years and how that governance system may or may not allow the demands of the knowledge economy to be addressed. As they establish strategic partnerships with higher education partners, development partners should understand the underlying constitutive elements of a university and its governance system.

The approach in this paper is to review a number of recent publications and reports on university governance (for example, Bundy, 2006; Couglan, et al., 2007; du Toit, 2007; Hall & Symes, 2003; Fielden, 2008) that present national and international perspectives. The paper depends largely on these secondary sources; however, it also draws on the author's own publications and experience as an academic and university manager over the last 21 years.

Section 2 addresses some existential, philosophical and ideological issues about the university (Newman, 1891; Barnett, 1990). These have to be understood in order to, in turn, understand entrenched positions on academic freedom, for example. A potential partner with any university should not be flummoxed when academics resist particular advances and suggested directions.

Section 3 addresses the functions of a university as it responds to societal and institutional challenges. The author aims to provide the reader with a sense of the societal responsibility that the university carries and expectations regarding its responsiveness to meet these challenges.

Section 4 addresses the trends on university governance in South Africa over the last 12–15 years, with some select references to systems of governance in other parts of the world.

University governance and the knowledge economy:
Reconditioning the engine of development
Page 4

Finally, section 5 constitutes a conclusion that provides a brief assessment of cooperative governance from the point of view of the demands of the knowledge economy that Gibbons (1994) envisaged; from the point of view of Clark's (1998) 'entrepreneurial university' of continental Europe; from the point of view of Castells (1993) who would have the university function 'as an engine of development'; from Gumport's (2000) view of the university as 'part of the national economy' and 'as an industry'. In the process of this assessment, specific proposals will be made on how South African universities, business/industry, and development partners, could advance in tandem.

2. Existential philosophical, and ideological foundations

The founding pillars of the modern university in Africa in terms of essence, content and form, are anchored in the then higher education systems of Europe, depending on who the coloniser was. In the South African case, the British system, with its latter revisions, is still all too prevalent. This reality forces us to turn to some of the European antecedents (especially of British extraction) of the university in South Africa in search for its existential foundations. In this respect, four phases of development of the idea of a university in the United Kingdom and to some extent other parts of Europe, are presented, namely: *the ecclesiastical phase* that was the basis of the establishment of Oxford and Cambridge around the 11th century where the church played the role of mentor and benefactor (Barnett, 1990); the *Newmanian phase* of the 19th century, which espouses a broad-based liberal approach to university education (Newman, 1891); the *Humboldtian phase* of Germanic origins which is contemporaneous with the Newmanian phase, is characterised by a narrower and deeper pursuit of knowledge for its own sake (Barnett, 1990).

The current *phase of globalisation*, deserves more engagement in this section. With all the scientific and technological advancements of the 19th and the 20th centuries, it was to take only about 200 years for the foundations of the university to be refocused, yet again. The 'knowledge society' and its knowledge economy now require a more responsive higher education system that engages more closely and proactively with the rest of society; closes the critical skills gap for this economy; becomes an agent of social and economic development (Bjarnason & Coldstream, 2003; Clark, 1998; Gibbons, *et. al*, 1994).

A university deemed to be responsive to this phenomenon is one that acknowledges as a necessary condition mutually beneficial interpenetration between the university and society with sufficient shifts of the historical hierarchical order normally found in universities. Indeed, such a university would have made societal engagement one of its core values (Bjanarson & Coldstream, 2003).

Epochal change, be it religious, political or economic, has always influenced the idea of a university. Our perennial challenge as human beings and as academics and researchers in knowledge centres is to ensure that whatever the outcomes of those epochal changes, we can predict and restrain undesirable ones and enhance desirable ones.

University governance and the knowledge economy:
Reconditioning the engine of development
Page 5

The focus of this paper is on the most recent phase of globalisation and the knowledge society. It should be appropriate to look at this phase through the major philosophical or ideological prisms that could make or break the university. Academic freedom and institutional autonomy are the most fundamental(ist) ones.

There are many formulations of what academic freedom is (see the Council on Higher Education, HEIAAF Series 1–5). According to Louis Menand, as quoted in du Toit (2007):

Academic freedom is not simply a kind of bonus enjoyed by workers within the system, a philosophical luxury that universities function just as effectively, and much more efficiently, without. It is the key legitimating concept of the entire enterprise... [Academic freedom] establishes a zone of protection and self-regulation for furthering the ends of academic activity – that is, of teaching and inquiry.

Echoing Menand's conceptualisation, du Toit (2007) adds that: 'academic freedom is nothing less than a constitutive principle for the modern research university'. This is how deeply entrenched academic freedom is in the culture and psyche of academe.

In South Africa, academic freedom is enshrined in Chapter 2 of the Constitution (1996), its Bill of Rights, alongside other freedoms. The constitution also has a number of founding principles, including establishing a system of democratic values and governance to ensure accountability, responsibility and openness. These help to entrench academic freedom even more.

This paper uses Graeme Moodie's (1996) formulation of academic freedom whose three components, as quoted in du Toit (2007) are, namely, scholarly freedom, academic rule and institutional autonomy. Some authors attempt to make a distinction between academic freedom and institutional autonomy even though they admit to their inextricable relationship. See for example, Friedman & Edigheji, 2006 and Bentley, et al., 2006.

The author prefers Moodie's formulation because it provides an imaginary sense of a cell-like structure with scholarly freedom being the nucleus with some membrane around it beyond which there is academic rule and institutional autonomy in that order.

In short, scholarly freedom refers to the freedom that a scholar or a community of scholars should be accorded in their dispassionate pursuit of evidence and scientific truth. There are conventions, protocols and methodologies that constitute the art and science of such a pursuit. This type of freedom is distinct from the freedom of speech that any citizen may enjoy in that such freedom is not necessarily circumscribed by the conventions, protocols and methodologies of academe. The practice of freedom of speech may be based on mere emotion, opinion, speculation and untested hypothesis, all these being anathema in any scholarly pursuit.

Academic rule refers to policies, procedures, rules and guidelines by which academic transactions take place in a community of scholars beyond the nucleus of scholarly freedom. In this sense, scholarly

University governance and the knowledge economy:
Reconditioning the engine of development
Page 6

freedom is governed by its own somewhat independent internal system within its membrane, quite separate from academic rule that operates outside this membrane, although it might impinge on it and the nucleus.

According to Moodie (1996), 'certain of the most important decisions about the work of academics – about for example, the syllabus of a course, individual staff appointments, the admission or graduation of individual students, standards of academic performance, and the detailed allocation of resources between competing uses within a department or a faculty – should be taken by or on the virtually mandatory advice of academics'.

The outermost ring from the nucleus of academic freedom consists of institutional autonomy, just beyond academic rule. It signifies the relative autonomy a university retains in relation to society and its organs – the church during the ecclesiastical times, the state during the modern times, and globalisation and the markets during this century. Given the complexity of life and its different communities that transact, there will always be interdependence and power (im) balances that may shift from time to time. To protect scholarly freedom and academic rule, the university requires a level of institutional autonomy from the powers that be. As intimated earlier, this can never be absolute, it can only relative.

The unrelenting debate is that universities often feel that systemic and institutional governance have the potential for curtailing academic freedom with deleterious effect. Systemic and institutional governance are external and potentially toxic to the nucleus that scholarly freedom is.

The threats universities perceive are both internal (as in institutional governance) and external (as in systemic governance). Before we explore how and in what circumstances these perceived (often real) incursions on academic freedom take place, the next section addresses the functions of a university in the knowledge society. This should help the reader to understand how societal challenges bring further tension around academic freedom.

3. The characteristics and functions of a university in the knowledge society

In this section the functions and characteristics of a university, especially in the 21st century, are presented; in part, as a response to the challenges of the knowledge society.

Manuel Castells (1993) distinguishes four major functions at the theoretical level whose specific weight in each historical epoch defines the predominate role of a given university system and the specific task of each university within the overall university system. They include among others, the university as an *ideological apparatus,* like in the ecclesiastical phase; as a *mechanism of selection of dominant elites,* again, like in the ecclesiastical phase; as a *trainer of the bureaucracy,* like in all phases; and finally, as *a generator of knowledge,* like in the Humboldtian and the knowledge economy phases. Obviously, the latter function is partly a result of globalisation and the new demands of the knowledge society.

The University as an *ideological apparatus* is an interesting function in that universities never easily admit to it. Yet, from their inception, for example during the period of ecclesiastical patronage, they performed it in the process of proselytising not only the students but the rest of society. In recent times, a secular approach to most, especially public, universities has been widely adopted. This, in itself, could be seen as an ideological stance.

Castells (1993) puts this ideological function forth quite aptly when he avers: 'The formation and diffusion of ideology has been, and still is, a fundamental role of universities, in spite of the 'ideology of their ideology-free role.'

The university as a *mechanism of selection of dominant elites* has been sociologically (and otherwise) undermined, but also enhanced (Barnett, 1990). In the past it was not so much selection of the dominant elites as perpetuating the preselected dominant elites. As calls for 'massification of higher education' gained momentum, and higher education became a broader 'social need' as a result, more space was created for lower social classes of the society (Bundy, 2006; Castells, 1993).

This represents the historical and sociological undermining of the exclusivity then enjoyed by the dominant elites, on the one hand. On the other hand, this phenomenon has rapidly expanded the elite class, and has helped to maintain its collective dominance in leadership and elsewhere.

The university as *a trainer of the bureaucracy* is closely linked to the other three functions: with the first two because you need a bureaucracy to proselytise and that bureaucracy necessarily is or becomes part of the dominant elite; and with the third function because there is training involved in the generation of knowledge. However, the function of generating knowledge is more than just training.

The function of a university as *a generator of knowledge* should be understood within the context of the needs of the knowledge economy. It is not that the earlier eras had nothing to do with the generation of knowledge. But, this function became more pronounced later.

The focus of this section is also on the characteristics of a university that is poised to succeed in the knowledge economy. Corresponding to Castell's sentiments, in his quest to encourage universities to respond to the challenges of globalisation and the knowledge society, Clark (1998) identifies five characteristics of an entrepreneurial university that will be strategic and agile enough to succeed.

They are *an integrated entrepreneurial culture* that imbues academics to be entrepreneurial 'in the broad sense of this word' (Bentley et al, 2006); *a strengthened steering* core that guarantees dynamic and innovative leadership; *a stimulated academic heartland* that enhances capacities or skills amongst academics, students and support staff; *an expanded developmental periphery* that fosters and facilitates links with business, industry, NGOs, communities and all levels of government; a diversified funding base, which is a necessary condition for institutional autonomy. Indeed, 'a workable 20th century

University governance and the knowledge economy:
Reconditioning the engine of development
Page 8

definition of institutional autonomy [is] the absence of a dependence upon a single or narrow base of support' (Babbidge & Rosenzweig, 1962).

The origin and context of Castell's (2001) paper is his report entitled: 'The university system: engine of development in the new world economy' presented at the World Bank Seminar on Higher Education and Development in Kuala Lumpur in 1991. It is evidently one of the seminal works that may have caused the World Bank to review its anti-higher education, pro-primary education development strategy for developing countries.

The characteristics briefly outlined above are prerequisites for a university that aspires to serve as 'an engine of development', as Castells would have.

4. Trends in university governance

This section consists of two subsections. The first explains and traces the origins of the concept of cooperative governance, which is South Africa's major politico-philosophical approach to governance of higher education. Further, it explains how this concept has translated into policy and legislation. The next presents some international trends on governance systems of higher education.

4.1   Cooperative governance in South African higher education

Bundy (2006) aptly describes the development of the higher education sector since 1994, a significant part of which was in systemic and institutional governance, as something that. '... sometimes seemed like a film projected at fast speed: the sequence is recognisable, but seems jerky, exaggerated and frenetic'.

As stated above, the political philosophy behind university governance in South Africa is that of cooperative governance. This concept of governance was inspired largely by the pre-1994 debates within the progressive movements on the most appropriate framework for the emerging new state. The underlying element of this concept is that of assuring social justice through establishing social contracts or 'social compacts' (du Toit, 2007), 'in which stakeholders were willing to strike a compromise for the sake of the common and public good (most famously exemplified in the 'sufficient consensus' of the constitutional negotiating process)' (Hall & Symes, 2003).

The concept aligns with that of cooperative government as enshrined in South Africa's 1996 Constitution. Section 41 of the Constitution enjoins all state institutions that exercise public power and authority to cooperate with one another in mutual trust and good faith, in pursuance of the public good. The preamble of the Constitution calls for a democratic and open society based on democratic values and democratic government. This is how deep the origins of cooperative governance are.

University governance and the knowledge economy:
Reconditioning the engine of development
Page 9

Little wonder therefore that the first formal process and structure, that of the National Commission on Higher Education (NCHE), that investigated institutional transformation including governance, embedded the concept of cooperative governance firmly in its report. To create a transformed, unitary higher education system, there were to be three pillars, namely, *increased participation, greater responsiveness and increased cooperation and partnerships.*

Within the realm of increased cooperation, partnerships and cooperative governance, government was to be 'the arbiter who watches the rules of the game being played by relatively autonomous players and who changes the rules when the game no longer obtains satisfactory results' (NCHE, 1996). In this scheme of things, government would not become the sole agent of systemic governance, but would commit to consultation and negotiated solutions to problems in a transparent, equitable and accountable manner, in pursuit of social justice and the public good. Thus, even the arbiter who changes the rules when the game no longer obtains satisfactory results has to abide by the same principle of cooperative governance when those rules are changed. Quite simply, the lacuna of a beholder's eye may 'see' results dimly where somebody else's new cornea may have helped to see the same results brightly. In this respect, Fielden (2008) makes it axiomatic that 'the state is not the best arbiter of how individual universities should operate'.

Important obligations were also placed on institutional managers, academic staff and academic work. All these would participate in a manner that is responsive to national and regional needs.

An important recognition that the NCHE made was that of the interests and aspirations of many external stakeholders, including 'all the sectors and segments of a civil society that is knowledge-driven and knowledge-dependent' and to whose needs and challenges the sector had to be responsive and with whom it would build partnerships (NCHE, 1996). These segments of society are external centres of knowledge in the knowledge economy, including development institutions. It will be particularly important to keep this in mind when we get to the last section of this paper in order to assess the level of accommodation of these external interests of the knowledge economy in the governance model.

Three models of relationships between government and higher education were mooted by the NCHE, namely, state control, state supervision and state interference. State control refers to centralised and systematic state administration of higher education. The state supervision model shifts the mode of control to that of steering, with government providing a broad regulatory framework and using instruments like planning, funding and quality management to steer the system. The state interference model, if it is a model at all, constitutes seemingly whimsical forms of intervention.

The government of the day accepted most of the proposals of the NCHE and subsequently gazetted a White Paper on transformation of higher education in 1997. What the paper sought to achieve was 'to redress past inequalities and to transform the higher education system to serve a new social order, to meet pressing national needs and to respond to new realities and opportunities' (Department of Education, 1997).

University governance and the knowledge economy:
Reconditioning the engine of development
Page 10

Cooperative governance, located within the state supervision model, was to be the mantra of higher education governance, as stated in section 3.6 of the White Paper (1997). Whilst reference was made to 'autonomous institutions' working cooperatively with the state, the White Paper brought institutional autonomy in tension with public accountability, arguing that: 'there is no moral basis for using the principle of institutional autonomy as a pretext for resisting democratic change or in defence of mismanagement … institutional autonomy is therefore inextricably linked to the demands of public accountability' (Department of Education, 1997).

Three imperatives of public accountability were identified: accounting for the expenditure of public funds; making public the results achieved in spending public funds; and demonstrating how institutions meet national policy goals and priorities.

In addition to these imperatives, the Higher Education Act of 1997, enacted about three months after the White Paper was gazetted, provides the Minister of Education with a number of instruments that include amongst others: a buffer body, the Council on Higher Education (CHE) whose role is to advise the minister, particularly on quality assurance; the responsibility to allocate funds in a fair and transparent manner; the authority to intervene in cases of maladministration through the appointment of an independent assessor, but with the CHE's involvement.

The Act puts in place four major structures of governance, namely a (University) Council, a Senate, an Institutional Forum and a Students Representative Council (SRC). The University Council, which is the highest decision making body, consists of lay members of the public and experts from all walks of life who govern the university in the public interest. Councils do not actually directly represent the Minister, even though the Minister appoints ministerial representatives who are normally a minority in Council.

The Senate is a body whose major concern is the planning and delivery of academic and research programmes. At face value, the Senate has a level of independence from the Council with respect to its academic mandate, save for when resources are required. In such a case, which is almost always, the Council has the ultimate authority. This brings some potential tension between the Senate and the Council in that academic authority is devoid of authority over resources.

These two bodies have been part of the higher education governance landscape for many years. But, they were democratised in that for example, the Senate had to shed its image as the network of the professoriate. Some junior members of staff, non-academic staff and students had to be accommodated as part of the imperative of cooperative governance.

A relatively new invention in the Act is the Institutional Forum. This body consists of a motley group of internal stakeholders – student groupings, staff associations and unions, lower level academic staff, non-academic staff, to name but a few. Its main role is that of advising Council on (social) transformation.

Its precursors are broad transformation forums that mushroomed in the early nineties from amongst the different internal stakeholders, outside the legislative framework that existed then. In some cases these bodies effectively ran or otherwise destabilised universities because of the crisis of legitimacy of governance and management and their massive numbers as against the relative (il)legitimacy and paucity of numbers of Councils and management teams.

Beyond their natural fit within a cooperative governance model, including this body in the Act was actually a grand political strategy for the Minister. They could be reined in and be subjected to a legislated environment. They knew they had more power within an unregulated environment. But, they could not justify keeping out of a legislated environment and continue to claim they wanted to build a coherent and a coordinated system of governance. This is probably why they settled for an 'advisory' role rather than a more formal role. In this role they remain with 'one foot in the door and the other one outside'. They advise the Council, and if that advice is not taken, they could effectively take to the streets.

The SRC should really be seen as a major stakeholder in the decision making bodies – the Council and the Senate – rather than a structure of governance with powers to 'legislate'. Even SRC Constitutions have to be approved by some other body, usually the Council. Its role is more about representing the interests of students. Like the Institutional Forum, the SRC will always have a crisis of identity and power because of a lack of decision making power.

4.2 International trends in university governance

This subsection concentrates on the regulatory framework and much less on the origins and philosophy of governance in other parts of the world.

Evidence abounds that the state supervisory model remains the most popular, in both the developed and the developing world (Bundy, 2006; Cloete, et. al, 2002; Fielden, 2008). There will always be nuances arising from amongst others, political histories, prevailing cultures, the age and the size of the system, and imperatives of change that countries seek to respond to. Without doubt, there is a move towards state supervision even in those countries that just recently had state control as a model. For example, Japan passed the National University Corporation Act in 2003 that made all its national universities legally autonomous with greater powers delegated to the president and a governing board. Singapore also passed similar legislation in 2005 making its three universities autonomous and 'corporatised'; technically they become not-for-profit companies limited by guarantee. This is not strictly necessary if legislation has confirmed their independent status, but it does ensure that universities will be subject to some of the financial and reporting disciplines that apply to corporations (Fielden, 2008).

Major parts of continental Europe practice the state control model, with the United Kingdom being an exception (Cloete et. al., 2002). In the United Kingdom, according to Bundy (2006):

University governance and the knowledge economy:
Reconditioning the engine of development
Page 12

[T]the defining characteristic of the governance system is 'steering at a distance' – a combination of central control and decentralised authority. Universities are simultaneously deregulated (that is, permitted to become more entrepreneurial and more competitive) and more effectively regulated, through compliance with centrally set norms.

Some of the continental European countries are slowly abandoning the state control model. In Germany for example, the State of Nord Rhein-Westfalia has recently allowed its 33 university institutions the freedoms to decide which professors to employ and what courses to offer, decisions that had been taken previously at the centre (Fielden, 2008).

Gumport (2000) asserts that the United States of America exhibits two dominant positions: the university as a social institution and the university as part of the national economy, that is, as an industry.

Clearly, therefore, the trend across the world seems to be towards the state supervision model and slightly more than that. But, there are some notable exceptions in Africa. Botswana, for example, has created a classical buffer body, the Tertiary Education Council whose role will be to oversee all its tertiary institutions in a state controlled model. This is dissimilar to South Africa's Council of Higher Education (CHE), a semi-buffer body, whose substantive role is advisory to the Minister in the areas of quality assurance, accreditation and audits. Even at that level, the CHE's role has been more developmental than controlling.

5. Assessment of cooperative governance in relation to state actions and the demands of the 21st century

It is clear from the preceding sections that South Africa's cooperative governance, embedded within the state supervision model of governance, is not off the mark in global terms, but is certainly insufficient.

5.1 The jettisoning of cooperative governance

More acute tensions between government and the rest of the higher education sector became pronounced after the National Plan for Higher Education was released in February 2001, and after the National Working Group produced its report later that year. This plan was about what government called efficient and effective use of public funds, with proposals for restructuring the system through mostly involuntary incorporations and mergers. This resulted in the reduction of higher education institutions from 36 to 23. There was great contestation then, as there still is now, about the purposes, appropriateness and successes of these mergers (see for example, Jansen, 2003; Hall, et al, 2004).

A number of authors decried institutional restructuring and apparent collusion between the Minister and the CHE, as suggested by the proposals formulated by the CHE Task Team on size and shape.

University governance and the knowledge economy:
Reconditioning the engine of development
Page 13

This process was seen as a 'top-down', rigid, bureaucratic and interventionist approach more akin to state interference than a steering approach in which the state supervision model is embedded (Cloete and Kulati, 2003; Kraak, 2001).

Around the same time a number of amendments to the Higher Education Act, 1997, were taking or had taken place. While some serious institutional problems had arisen that required some action and tighter controls in the governance of the system (see Habib, 2001), there is no irrefutable proof that the concept of cooperative governance rather than just plain mismanagement and misgovernance had been the cause of the problems.

The Higher Education Amendment Act 55 of 1999 allows the minister to appoint an administrator in a case where there are serious financial and other forms of mismanagement. The administrator envisaged here is not the independent assessor provided for in the main Act who would be appointed from a panel selected by the CHE. Clearly, this is a departure from the principle of cooperative governance because the cooperative model of appointing independent assessors through the CHE could have been used.

The Higher Education Amendment Act 54 of 2000 requires that the minister gives approval for loans and overdrafts above a particular threshold that a Council would approve; and also approval for infrastructure developments. It should be admitted here that this managerial intervention was necessary in a system where government subsidy, around the year 2000, constituted an average of 50% of institutional income and where government had to step in to bail out some institutions that had run huge deficits. A sharing of authority with Councils seems fair in this regard. However, given that government funding at about 40% in 2006 and external income at about 32% in 2006 (as reported in section 5 below) are not that far from each other, would this justify business and industry having some say, too?

The Higher Education Amendment Act 23 of 2001 provides for the indefinite appointment of the administrator and the repeal of Private Acts of institutions. As in the other Act on appointment of administrators, the principle of cooperative governance that should at least involve the CHE was jettisoned.

Parallel to these legislative changes, the Minister increasingly used executive powers in introducing a new funding model. Cloete and Kulati (2003) argue that: 'This model is not an interactive steering approach; rather, it is much closer to the centralised state-control approach rejected in the White Paper as a model of governance'.

Many academics, researchers, academic managers and public intellectuals understood these drastic measures as state interference rather than supervision. As argued earlier, the state supervision model is closely related to cooperative governance. In turn, academic freedom, broadly defined a lá Moodie, is better guaranteed under the state supervision and cooperative governance models.

**University governance and the knowledge economy:
Reconditioning the engine of development**
Page 14

Government has not been without supporters or apologists. Hall & Symes (2002) justify government's departure from cooperative governance and state supervision, and what academics would see as an assault to academic freedom (and institutional autonomy), as 'conditional autonomy', which they argue should replace the notion of cooperative governance. They argue for a hierarchical form of governance with the Minister essentially exercising unfettered executive powers. Cooperative governance was meant to tamper with precisely those notions of superiority that the apartheid government was known for (Cloete and Kulati, 2003; Moja, *et. al.*, 2003). When a new democratic state begins to be compared with a repressive apartheid state, one must understand the depth of frustration with the system.

5.2 The funding crunch around 2001

Between 1986 and 1994 higher education experienced either falling or stagnating government funding. During this period the system experienced 73% growth in student numbers, whilst the unit value of government funding per student fell sharply in real terms. Whilst in 1986, government was able to meet 90% of its obligations to the sector according to the then prevailing formula, in 1994 only 65% of the commitment generated by the formula could be met. The period up to 2001 was not rosy either as government funding per student unit between 1997 and 2001 remained constant after the fall experienced between 1986 and 1994 (Bunting, 2002).

Higher education institutions had to contend with historically and currently inadequate funding, more demands and prescriptions and a controversial retreat from cooperative governance. This state of affairs plunged the relationship between government and higher education institutions further into the doldrums and caused more anguish in a system where deliberation and persuasion are preferred. There could therefore only have been more calls for academic freedom to be protected against a government and a Minister seen to be legislating and decreeing the demise of the system.

Another new phenomenon in higher education funding has emerged: that of the shifting proportions between block grant funding and earmarked funding. In short, block grant funding allows a higher education institution and its Council to decide on their own priorities and fund them from it; whilst priorities for earmarked funding are prescribed by the Minister. In 2004 the ratio of block to earmarked funding was 87:13 percentage points whist in 2008 this ratio stood at 80:20 percentage points. This means that the Minister is exercising disproportionate authority on the direction of developments – academic related and infrastructure – at universities. Most unfortunately, there is little or no transparency on either the choice of those priorities or the levels of funding allocated to each university on that basis.

Thus, even though everyone welcomes and appreciates that since the 2007/8 financial year, and so far up to the 2011/12 financial year, about R5 billion of new funds have been invested in higher education, it is the Minister that unilaterally decides on the priorities and the allocations without any form of deliberation with the sector. At a June 2007 workshop of Higher Education South Africa (HESA) – an association of Vice-Chancellors of Universities – this concern was raised with the Minister. A curt

University governance and the knowledge economy:
Reconditioning the engine of development
Page 15

answer was given to the effect that this had been the Minister's prerogative and the Minister would brook no request for deliberation and greater transparency on that.

This environment remains rather inimical to cooperative governance and the state supervision model; it remains a looming threat to academic freedom, broadly defined.

5.3 Cooperative governance and the demands of the knowledge society

In subsection 4.2 above on international trends in university governance, the reader will observe that even countries that have been using the state control and state interference models are moving away from those models towards state supervision. Under these circumstances, the recent developments as explained above can only be seen as bucking international trends, for better or for worse.

The author believes that it is for worse. As stated in subsection 4.1, so many believe that the state is not the best arbiter on how universities should operate and that it is never the best resourced in terms of intellectual and operational capacity to run universities closely, efficiently and effectively. Indeed, the global knowledge society is a more post-modern society with less rigidity and less inflexible control measures.

Returning to cooperative governance, in this subsection the author wishes to explore how this concept may resonate with the demands of the knowledge society.

Whilst the author supports the concept of cooperative governance as a political philosophy, it has several limitations that will never allow institutions to be agile in broader developments of the knowledge society taking place at breakneck speed.

Cooperative governance as a framework for engagement and deliberation (Coughlan, 2007) does not provide a clear view of what the system or the 'social institution' (Gumport, 2000) needs to aspire to as outcomes of the very processes of engagement and deliberation. It gives a view of deliberation for its own sake. Nothing is for its own sake any more. Even research ceased to be seen as such many years ago (Gibbons, 1994).

South Africans are very good at creating frameworks and processes whose outcomes may not always be apparent. Calls for transformation in the early nineties were actually about changing faces and seats, and very little about assuring advancement of the core business of the university beyond those new faces. It is only fairly recently that questions are being raised about experience, competence, value-add of those new incumbents. Sadly, appointments in higher education, even of Vice-Chancellors, have not always been about matters of quality and institutional advancement.

In subsection 4.2 above, Gumport (2000) makes it clear that the American system has gone for the model of a university as part of the national economy or as an industry. As noted in that section,

University governance and the knowledge economy:
Reconditioning the engine of development
Page 16

the Singaporean example is that of a 'corporatised' university. There is nothing in the cooperative governance model that conjures up notions like these, except for creating a social rather than an industrial or entrepreneurial balance. This critique of cooperative governance notwithstanding, the author believes the concept does not have to be jettisoned as a framework for engagement and deliberation. Rather, an advancement-prone model should be superimposed on cooperative governance. Some extrapolation between cooperative governance and for example the 'university as an industry' (Gumport, 2000), the 'university as an engine of development' (Castells, 1993); the university as an 'entrepreneurial university' (Clark, 1998) or the university as a generator of knowledge for the knowledge society (Gibbons, 1994) should then be made.

Extrapolating between cooperative governance and the university as an 'engine of development' requires redefinition or refinement of two types of spaces within the university. This is what the author calls: reconditioning the engine. The two spaces are *engagement spaces and transactional spaces.* There are many notions of transactional spaces, especially in the information technology and telecommunications fields. Authors who appropriate this notion outside these fields do not necessarily delineate these two spaces as this author believes should happen in order to keep the meaning of the phrase as close as possible to its origins (see, Buselich, 2007; White, 1997). Further, two types of agents are required, namely an *entrepreneurial academic and an academic entrepreneur* to interact within these spaces.

By *engagement spaces,* the author is referring to those formal and informal structures like the Council, the Senate, institutional debates and seminars, respectively, that allow stakeholders of the university to engage and deliberate on the core and other related business of the university. This distinction is important in that academics do not just transact without first deliberating.

There is no deliberate and purposeful involvement of business and industry or development partners in these formal structures. Even though the Higher Education Act (1997) allows for appointment of experts to Councils and most university statutes identify the areas of focus, in some universities just about anybody could be appointed under such a category. There are no clear rules or at least guidelines about the minimum requirements expected of those experts. This tends to edge out of the picture real experts from business/industry and advancement partners in favour of some social or political 'experts'. In the informal structures like debates and seminars, it is only the university that decides on the agenda and its relevance to the formal academic programmes. Space needs to be created so that agendas of the 'university as an engine of development' could be incorporated as part of the core business.

There is, therefore, a need to ensure that at least a third of Council members and at least 10% of the Senate consist of representatives from business and industry or advancement and development partners. Concomitantly, a well planned and orchestrated inclusion of this group requires clear rules or guidelines on the experience and qualifications of those experts relevant to the business of higher education.

University governance and the knowledge economy:
Reconditioning the engine of development
Page 17

This group of potential representatives has been increasing its financial contribution to higher education over the years (an average of 32% in 2006), whilst government's contribution has reduced from, on average about 50% in 2000 to 40% in 2006. At 40% and 32% (in 2006) government and this group are almost equal contributors to higher education. In fact, if business and industry could just contribute at least 25% more than the current levels, they could possibly edge out government as the main contributor.

Business and industry, together with advancement and development partners must think seriously about the prospects that these converging levels of contribution mean in terms of the power and authority they could collectively command. With a little bit more investment, all the powers the Minister has assumed could be shared with business and industry and advancement or development partners. But then, the university would have a chance to be 'corporatised' like in Singapore, should any one wish to go to that extreme.

By *transactional spaces,* the author refers to systems, processes and programmes available at a university for business and industry and development partners to transact with ease. They may also involve some related operational structures (like centres, trusts or section 21 companies) that may help to streamline systems and processes. This is the closest one could get to the Singaporean model of 'corporatised' universities referred to earlier. University systems and procedures are notoriously elaborate and inefficient for the business world and the knowledge economy. Unlike spaces of engagement, transactional spaces are spaces of just-in-time delivery on the core and other related business.

Transactional spaces also involve programmes that allow a revolving door between a university and business/industry or the advancement and development partners. This could be in the form of scholarships, research chairs, subventions, centres of excellence or competence that allow the partner to benefit from research academics are interested in and that resonate with their interests.

Universities must increase the scope of these transactional spaces as a matter of urgency. These spaces allow the university to do its business with more flexibility, and opportunities in the knowledge economy could also be exploited. Those running these transactional structures must run them on business principles and they must not just be regular academics. Entrepreneurial academics and academic entrepreneurs would be the most appropriate people in this regard.

Entrepreneurial academics are those academics and researchers with an entrepreneurial spirit (Clark, 1998). They are strong and productive academically, but they are also agile and progressive when it comes to interacting with and benefiting from what the knowledge economy has to offer in the *expanded development periphery a lá Clark.* They might feel stifled if the university does not allow them opportunities to play freely in the transactional spaces. Neither would they be comfortable

**University governance and the knowledge economy:
Reconditioning the engine of development**
Page 18

being completely outside the university environment. They are the best agents to effect changes in the culture, approaches and methodologies that obtain at a university, for the benefit of business and industry and eventually society.

Business and industry and advancement or development partners must give accommodation to these entrepreneurial academics in their research laboratories and spaces, through joint projects and subventions of their salaries so that they stay at universities but produce research that could also have direct benefits for business and industry. Although it does not go far enough, the Tertiary Human Resources in Industry Programme (THRIP) that the Department of Trade and Industry funds and the National Research Foundation (NRF) runs, is a good example of a revolving door that could be created between the university and business/industry.

It would be appropriate for anyone to ask: what happens to the soul of academe and the public good when business/industry and development partners invade. The soul of academe was never guaranteed to be free during the times of ecclesiastical patronage; neither could it be guaranteed to be free from government control as the exposition on cooperative governance shows. Just like a closer relationship with the church and the state may be an ideological position, so is the case with business/industry and development partners. In any case, the private and the public good are so inextricably linked as to not be able to make a clear distinction any more.

Academic entrepreneurs are those entrepreneurs, business people and industrialists who have an academic orientation. Like entrepreneurial academics, they might not be interested in leaving the business world, but they remain interested in research and contributions that universities could make to enhance their core business. Universities should see these as strong allies who are likely to bring business into the transactional spaces created. A revolving door should be created through adjunct professorships and other mechanisms so that they could spend some limited time imparting their knowledge of the world of work and perhaps refuelling their academic curiosities.

If the two spaces and the two agents could be used to turn universities around, the University of the 21st century would be a different place, indeed a reconditioned engine of development and advancement in our society.

University governance and the knowledge economy:
Reconditioning the engine of development
Page 19

References

Babbidge, H.D. and Rosenzweig, R. (1962). *The Federal Interest in Higher Education. McGraw-Hill, New York.*

Barnett, R, 1990. *The Idea of Higher Education.* Buckingham: Open University Press. pp. 16-29.

Bentley K, Habib, A, Morrow, S, 2006. Academic Freedom, Institutional Autonomy and the Corporatised University in Contemporary South Africa. HEIAAF 3. Council on Higher Education (CHE), Pretoria.

Bjarnason, S. and Coldstream, P, 2003. The Idea of Engagement: Universities in Society. Association of Commonwealth Universities (ACU), London.

Bundy, C, 2006. Global patterns, local options? Changes in higher education internationally and some implications for South Africa. *Kagisano* 4. Council on Higher Education, Pretoria.

Bunting, I, 2002. Funding. In Cloete, N, et. al., 2002. Transformation in Higher Education. Centre for Higher Education Transformation (CHET), Rondebosch.

Buselich, K, 2007. Creating Transactional Space for Sustainability: a Case Study of the Western Australian Collaboration. PhD Thesis. Murdoch University, Western Australia.

Castells, M. 1993. The university system: Engine of development in the new world economy. in: Ransom, A. et al (ed). Improving higher education in developing countries. Washington, D.C.: World Bank.

Clark, B.R,1998. *Creating Entrepreneurial Universities: Organisational Pathways of Transformation.* Pergamon, Oxford.

Cloete, N, Fehnel, R, Maassen, P, Moja, T, Perold, H, Gibbon, T, 2002. Transformation in Higher Education: Global Pressures and Local Realities in South Africa. Centre for Higher Education Transformation (CHET), Rondebosch.

Coughlan, F, Divala, J, Enslin, P, Kissack, M, Mathebula, M, 2007. Systemic governance, public accountability and institutional autonomy. in *Review of Higher Education in South Africa.* Council on Higher Education. Pretoria.

Council on Higher Education, 2006. Higher Education Institutional Autonomy and Academic Freedom (HEIAAF) Series 1-5. Pretoria.

Department of Education, 1997. Education White Paper 3: A programme for the transformation of higher education. *Government Gazette,* Pretoria..

Department of Education, 2001. National Plan for Higher Education. *Government Gazette,* Pretoria.

Du Toit, A, 2007. Autonomy as a Social Compact. HEIAAF 4. Council on Higher Education, Pretoria.

Fielden, J, 2008. Global trends in university governance. *Education Paper Working Series No. 9.* World Bank, Washington, DC.

Friedman, S & Edigheji, O, 2006. Eternal (and internal) tensions? Conceptualising public accountability in South African higher education. Council on Higher Education (CHE), Pretoria.

Gibbons, M, Lomoges, C, Nowotny, H, Schwartzman, S, Scott, P, Trow, M, 1994. *The New Production of Knowledge: the dynamics of science and research in contemporary societies.* Sage Publications, London.

University governance and the knowledge economy:
Reconditioning the engine of development
Page 20

Gumport, P, 2000. Academic restructuring: organisational change and institutional imperatives. *Higher Education.* 39: 67-91

Habib, A, 2001. The institutional crisis of the University of the Transkei. *Politikon* 28 (2): 157-179

Hall, M & Symes, A, 2003. Cooperative governance or conditional autonomy? Principles for governance of South African higher education. *Kagisano* 2. Council on Higher Education (CHE), Pretoria.

Hall, M, Symes, A, Leuscher, T, 2004. The Governance of Merger in South African Higher Education. Council on Higher Education (CHE), Pretoria.

Jansen, J, 2003. Mergers in South African higher education: theorising change in transitional contexts. UPSpace at the University of Pretoria. https://www.up.ac.za/dspace/handle/2263/118. Accessed 15 November 2008.

Kraak, A, 2001. Policy ambiguity and slippage: Higher Education under the new state, 1994-2001. Commissioned Paper. Centre for Higher Education Transformation (CHET), Cape Town.

Maassen, P & Cloete, N, 2002. Global reform trends in higher education. (in) Cloete, N, et. al. (2002): Transformation in Higher Education.

Moja, T, Cloete, N and Olivier, N, 2002. Is moving from cooperative governance to conditional autonomy a contribution to effective governance? Kagisano. Council on Education, Pretoria.

Moodie, GC, 1996. On justifying the different claims to academic freedom. *Minerva* 34: 129-50.

Mthembu, TZ, Coughlan, F, Murray, L, 2005. Transnational Education and Trade: towards a progressive response by (South) African Higher Education. Proceedings of Annual General Conference of the Association of African Universities (AAU), 20 -23 February, Cape Town, South Africa

National Commission on Higher Education (NCHE), 1996. A Framework for Transformation. Department of Education, Pretoria.

Newman, J, 1891. *The Idea of a University.* Longmans, London.

White, PB, 1997. Online services and 'transactional space' – Emerging strategies for power and control in the new media. Telecommunications Policy. 21(6): 565-573. http://www.ingentaconnect.com/content/els/. Accessed 15 November 2008.

Yesufu, TM, 1973. *Creating the African University: emerging issues of the 1970s.* Oxford University Press, Ibadan.

University governance and the knowledge economy:
Reconditioning the engine of development
Page 21