Establishing a Public-Private Partnership Platform for Funding Higher Education in South Africa

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DECLARATION

I, Faith Thokozile Makwiti, declare that this social entrepreneurship project is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Faith Thokozile Makwiti FMakti

Signed at Pretoria

On the 19th day of June 2019

DEDICATION

I dedicate this research paper to God my Father, whose grace and mercy has carried me through this journey.

To my beloved mother, family and friends. Your support, prayers and words of encouragement have been my source of strength. I am eternally grateful to have you all in my life.

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To the students who did not hesitate to be participants in my interviews. This paper would not be complete without you.

Lastly, I would like to thank my supervisor, Ms Samali Bosa. Your guidance, patience and motivation has been greatly appreciated.

SUPPLEMENTARY INFORMATION

Supervisor: Samali Bosa

Word count †: 16,702

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† Including Executive Summary, References, etc.

EXECUTIVE SUMMARY

The purpose of the study was to investigate the current model for funding higher education in South Africa, and assess the level of risk associated with it. This investigation was conducted using qualitative methods where a total of 17 participants were interviewed using different media such as face-to-face, telephonic or Skype interviews. These participants were made up of multiple stakeholders who were relevant for the study from government, private sector, higher education and students. The findings from the study were that the existing higher education funding model was advancing an unsustainable model for free education for qualifying students, as a transition from the National Student Financial Aid Scheme (NSFAS)[1] grant model. What was also evident was that there were on-going efforts to develop an alternative model through a public-private partnership (PPP). In this study, a PPP model was developed based on findings from the interviews conducted. This model is used to demonstrate how it may ideally play a critical role in progressing societal impact[2] through developing a highly educated society and ultimately, the eradication of the triple challenge of inequality, poverty and unemployment. It can be concluded that there is an urgent need for a model for societal impact, and different stakeholders have roles to play where students ensure throughput so more students can be funded. The government can establish policies that will govern the process, and the private sector can provide funding and additional support towards developing society.

Keywords: higher education, public-private partnership, free education, societal impact

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[1] NSFAS is a financial aid scheme which seeks to provide higher education funding to South Africa's financially needy student population (Pillay, 2009).
[2] Societal impact in this context refers to the overall well-being or uplifting of a particular community.

1 INTRODUCTION

1.1 Purpose of the Study

The purpose of this study is to explore the establishment of an additional funding model for university students in South Africa. The study focuses specifically on where the private sector can play an active role and become a reliable partner of government. Some options advanced by other countries, such as those in the Southern African Development Community (SADC) region, include implementing cost sharing or private sector strategies in order to fill the gap of inadequate public financing in higher education (Pillay, 2009). The funding models used centre around student fee paying, as well as bursary and scholarship schemes offered by private companies. Strategies from other developing nations and BRICS member states, such as Brazil, include the Prouni (University for All) initiative, which was implemented in September 2004. This initiative compels private institutions to allocate places for low income students in return for tax exemptions (McCowan, 2007).

These are options that certain countries have implemented as additional sources of funding for their selected higher education needs. Within the university context, these funds are associated with third stream income as they are derived from sources that are not of public origin or student fees (Craig & Nazil, 2009). According to a PwC report, in South Africa, as at 2014, third stream income in higher education was at 29%, with a portion of this being private sector contributions (Nongxa & Carelse, 2014). A gap for improving these contributions exists in order to develop this third stream income, especially on Historically Disadvantaged Institutions (HDIs) as this funding is less than half of the 29% average (Nongxa & Carelse, 2014).

1.2 Context of the study

South Africa is a relatively young independent country that gained democracy in 1994 through the ushering in of a new Constitution which was drawn up in 1993.

Prior to this, the country was ruled by an apartheid[3] regime. Under apartheid, state power was structured to promote the Afrikaner culture, language and economic interests (Kallaway, 2002). This led to an increasing erosion of human rights towards all other races which were not white, and created a legacy of economic divisions and gross inequality among South African citizens (Salisbury, 2016).

Within the apartheid system, higher education was racially segregated through the implementation of the Bantu Education Act of 1953, and the Extension of University Education Act of 1959. Bantu[4] education systems were meant to subordinate non-whites to inferior social and economic positions (Woodrooffe, 2011). The Extension of University Education Act specifically decreed that Black, Coloured and Indian students would only be allowed to study at select universities with a permit from the relevant minister. This meant that non-whites were trained to do menial work with little to no higher education. These barriers to higher education were put in place to ensure that non-whites would remain in perpetual subordination to whites (Sherer, 2000).These systems created a legacy of high levels of inequality, poverty, unemployment and uneven gains from economic growth which are still prevalent today (Bhorat, Cassim, & Tseng, 2014).

After the abolishment of apartheid and the advent of democracy, the new democratic government strove to redress these wrongs. Higher education reform was however overshadowed by the restructuring of primary and secondary schooling, which were made compulsory, but higher education remained voluntary (Woodrooffe, 2011). In 1996, a National Commission on Higher Education framework was developed. The aim of this framework was to advise the Education Minister on restructuring higher education in such a manner that it could contribute towards reconstruction and development of South Africa (Reddy, 2004). This restructuring and development was going to be driven by the

[3]Apartheid is a term that emerged in 1948 when a much more aggressive form of politics that favoured whites and Afrikaners gained victory in South Africa (sahistory.org.za).
[4] Bantu is a term used to label 300 – 600 ethnic groups in Africa who speaks Bantu languages (sahistory.org.za)

promises of the governing party, the African National Congress (ANC), who had been promising free education up to undergraduate level (Editorial, 2016).

The promise of free education was first made in the ANC's election manifesto of 1994 and was constantly present in subsequent manifestos (Ngidi, 2015). These election promises however, did not materialise (Department of Justice: South Africa, 2017). Growing discontent with the non-delivery of this promise and continued increase in the financial exclusion of students at universities resulted in a ten-day student protest in October 2015. These protests took place across South African universities and caused major disruption to academic activities. These protests, termed #FeesMustFall (FMF), grew and even garnered international support as they were seen as being for a just cause (Ludski, n.d.). The government as such realised a need to respond decisively however, affordability of free higher education in a country undergoing low economic growth, high unemployment and a high dependency of social grants, proved to be a challenge (Van der Berg & Siebrits, 2010).

In response, the President of South Africa at that time, Mr Jacob Zuma established a Commission of Inquiry into Higher Education and Training (Heher or Fees Commission). This Commission was tasked to enquire and provide findings and recommendations on the feasibility of fee-free higher education in South Africa (The Presidency, 2017). The commission concluded that fee-free higher education provided solely by the South African government was not feasible. Recommendations made by various institutions however proposed that the private sector may have a role to play in the quest to provide financial assistance to university students who were unable to afford tuition (Department of Justice: South Africa, 2017).

To this end, this study is conducted to investigate a possible Public-Private Partnership that can serve as an addition to funding higher education in South Africa.

1.2.1 The Importance of Higher Education in South Africa

The National Development Plan (NDP) was developed to serve as a blueprint to help guide South Africa, to eliminate inequality, decrease unemployment and eradicate poverty by 2030 (The Presidency, 2017). This view is relevant as Statistics South Africa, illustrated that households headed by individuals with higher levels of education were less prone to poverty, with the opposite being observed (Statistics South Africa, 2017).

Table 1: Poverty incidence of households by education level of household head

	2006	***2009***	***2011***	***2015***
Education level	**Poverty prevalence (%)**			
Higher	4.7	6.9	4.3	4.3
Matric	23.8	22.3	18.3	21.8
Some secondary	51.7	49	39.1	45
Primary	69.5	63.5	55.8	59.9
Some primary	74.5	72.8	61.5	65.7
None	85.4	82.3	70.8	76.2

Source: Statistics South Africa

Table 1 illustrates the relationship between education and poverty levels. By 2015, 76.2% of poverty prevalence was attributed to households with no formal education. The same reading is 4.3% for households with higher education levels. (Statistics South Africa, 2017). This links back to apartheid system legacies, as only less than 1% of white households live in prevailing poverty (Hall & Budlender, 2016). This may be related to the fact that in 1980, 74.8% of students in HEIs were white, in comparison to only 12.5% blacks[5] (de Villiers, 2017).

Similar observations are made in South Africa's Gini coefficient. The Gini coefficient is the most widely used measure of inequality, as it measures the distribution of income within households in a chosen economy (World Bank, n.d.). Table 2 shows the Gini coefficient in South Africa. This is inclusive of salaries, wages and social grants. South Africa is currently regarded as one of the most unequal nations in the world (Statistics South Africa, 2017). These statistics feed into the ability of households to fund tertiary education studies, which for many households, may lead to realising an improved socioeconomic status (Lewin & Mawoyo, 2014). The Gini coefficient ranges between zero and one. This means that at zero every resident is at the same level from an income perspective, and one reflects complete inequality by virtue of one person receiving all the income and the rest of the population receiving none (Haughton & Khandker, 2009).

[5]Black in this context refers to African Blacks, Coloureds and Indians.

Table 2: Gini coefficient by population group (2006, 2009, 2011 and 2015)

Year	Gini coefficient per population group				
	RSA	Black African	Coloured	Indian / Asian	White
2006	0.72	0.64	0.60	0.56	0.56
2009	0.70	0.66	0.57	0.53	0.47
2011	0.69	0.65	0.59	0.50	0.45
2015	0.68	0.65	0.58	0.56	0.51

Source: Statistics South Africa, Poverty Trends in South Africa

It is by this virtue that government, business and society need to collaborate and implement plans of action that will reduce the high rates of students in the higher education system not completing their degrees due to lack of tuition financing.

1.3 Identification of the problem

South Africa, like most countries, is operating in an increasingly complex environment which is driven by increased globalisation and the emergence of the fourth industrial revolution. Klaus Schwab (2016) argues that, “In the future, talent more important than capital will represent a critical factor of production” (Schwab, 2016, p. 1). This talent is grounded on the development of a well-educated society and is sustained by a knowledge economy that competes effectively on a global stage (Blankley & Booysens, 2010). To achieve this, South Africa needs to create an enabling environment which starts with the accessibility of its youth and labour market to an educational system.

Since the dawn of democracy in 1994, South Africa has been making an effort to improve society, which includes investing in education. The NDP speaks of six pillars, one of which is education. Dutt and Veneziani (2012) explained that a well-educated population is the engine of a prosperous economy. Higher education on its own, serves as the major driver of information and knowledge in an economy, as such, leading to economic development (National Planning Commission, 2013). Although interventions have been made within the educational system in South Africa, the country still has some ground to cover in terms of realising the goal of having the majority[6] of the population possessing some form of tertiary education by 2030 (The Presidency, 2017) .

The problem with achieving an educated society in South Africa is that apartheid legacies created barriers to education where only households with sufficient incomes can access tertiary education (Maree, 2014), therefore making it exclusionary. The state has limited financial resources to assist students with little to no financial resources for higher education (National Treasury, 2016). As a result, fewer people are applying to and graduating from higher education institutions (HEIs). Access to higher education has excluded the poor who seek but cannot afford (The Conversation, 2018).This resulted in the uprising of students #FeesMustFall, and ultimately, led to the Heher Commission, and ultimately free education for working class households and for the 'missing middle' [7] announced in December 2017. It quickly became apparent that the government did not have adequate funds for free education. This was verified during the 2018/2019 Budget Speech where an increase in Value Added Tax (VAT)[8] from 14% to 15% effective 1 April 2018, was announced (National Treasury, 2018). This increase was meant to raise an additional R36 billion in revenue which will be used to not only bridge the government revenue funding gap of R48.2 million, but to provide allocation over the medium term for fee-free higher education (National Treasury, 2018). These limited resources are expected to become highly inadequate over the next few years, when the funding is extended to second, third and fourth year students (Bendile, 2018).

[6]When quantified, majority refers to a larger than half of the total population. http://www.dictionary.com/browse/majority

[7] Missing middle is defined in higher education terms as students from households with an annual income of below R600,000 https://www.news24.com/SouthAfrica/News/higher-education-department-reveals-missing-middle-funding-plans-20161210

[8] Value Added Tax is a consumption based tax that was introduced in South Africa in 1991, and is implemented in more than 140 countries. http://dspace.nwu.ac.za/bitstream/handle/10394/14253/Botha_HM.pdf;sequence=1

This shows that there is an urgent need to develop additional sources for funding higher education in South Africa. This project serves as a social entrepreneurship venture that explores the possibility of corporate South Africa playing an effective[9] role in the financing of poor students who run the risk of not obtaining their degrees due to a lack of funding.

1.4 Research questions

The main questions that were researched were as follows:

1. What is the structure of a PPP funding model that can be a viable option for sustainable funding of higher education in South Africa?

    1.1. What is the current higher education funding model and its associated risks?

    1.2. What are the factors that should shape the PPP and its structure to warrant societal impact?

2 SCOPE OF THE PROJECT

2.1 Significance of the study

The study is intended to provide a feasible additional option to funding university education in South Africa that can be explored and researched further. The proposed solution is intended to uplift students from poor communities who have, over the years, been excluded from obtaining university qualifications due to a lack of finances. The beneficiaries of the study will primarily be the students who will have extended opportunities to study, private sector companies who will have a skilled pool from which to acquire employees and the South African economy at large, that will have educated and skilled citizens. This is important for South African competitiveness in the face of globalisation and pressures of economic

[9] Effective in this context speak to quantifiable assistance that is regarded as a constant source of funding in addition to the state

development. To achieve this goal, the private sector has an important role in the implementation of the proposed solution, together with government.

In October 2015, during the FMF protests, then Minister of Higher Education and Training, Blade Nzimande, urged the private sector to assist the state in making free higher education a reality, as corporates ultimately absorb these graduates in the labour market (Nzimande, 2015). The Minister further stated that the government needs to liaise with the private sector in order to explore what options are available to assist the government in funding higher education. This statement was also echoed by then Deputy President and now President of South Africa, Cyril Ramaphosa, where he challenged the private sector to provide possible solutions in funding higher education fees (Njobeni, 2015) .

2.2 Delimitations of the study

The project is limited to finding funding models for students who enrol at public universities in South Africa and are between the first to fourth year of study. The analysis was conducted using qualitative methods, which are grounded on small sample sizes for richness of data (Leedy & Ormrod, 2015). This corroborates Marshall et al. (2013) who found that interviews that consist of a sample of 30 or more were counterproductive and were not observed to provide further insight. For this type of study, Saunders, Lewis and Thornhill (2016) provide guidelines that interviewee numbers of between five and 25 are adequate for an in-depth study.

The core focus of this study is on higher education funding and its impediments to university participation and throughput rates. There are other factors that also influence students to either drop out or not consider studying at a university. These factors are not considered in this study, with the study only limited to funding as a source of challenges, including dropping out of university.

2.3 Assumptions

It is assumed that the companies that serve as respondents to the study, will form part of the proposed funding solution that this study is tackling.

3 LITERATURE REVIEW

This literature review was conducted in order to have an understanding of the work related to this topic, which had been done by other researchers. The approach of this review starts with grounding of the study, as this is fundamental to guide a phenomenological study. This is because the study is of a qualitative nature, and is not based on a conceptual model as is mandatory in quantitative studies.

Flowing from grounding of the study is to understand the key management theories that have been tested and studied as it pertains to collaborations between the government and the private sector. Literature on the benefits of educated populations, and its social and economic impact and the funding options of higher education systems is also explored with an emphasis on nations that have similar population and economic dynamics as South Africa. The literature review is concluded by selected a funding model i.e. a PPP including reviews on the benefits and risks of a PPP in practice.

3.1 Grounding of the study

The focus of the study is to explore an additional source for higher education funding through a PPP. Hodge and Greve (2007) explain that PPPs aim to achieve a form of a co-operative relation between public and private sector agents with the intention of achieving a common goal. This provides for benefits through intervention in an economy by utilising and combining the strengths of the public and private sector. This type of study is thus grounded on several management theories, which include, amongst others, Endogenous Growth Theory; Stakeholder Theory; and Collaborative Governance Theory.

3.1.1 Endogenous Growth Theory

The returns on investment in education have been studied as far back as the 1960s by researchers such as Bowman (1966) and Schultz (1961). This literature has developed over the years, showing that education as a form of human capital investment can contribute to economic and social development, with increasing impact measured in developing nations (Psacharopoulos & Woodhall, 1985).

As such, economists have developed management theories based on a country's investment in human capital, in the form of higher education participation. These neoclassical theories of endogenous growth derived by Uzawa (1965) and Lucas (1988), mainly suggest that education plays a significant role in the growth trajectory of an economy (Barnett & Ghosh, 2014). The neoclassical model was researched by Bhorat et al. (2014) in the South African context. The results of this research found that economic growth in South Africa was more impacted by those individuals with degrees, in contrast to individuals with qualifications from further education and training (FET) institutes (Bhorat, Cassim, & Tseng, 2014). As South Africa progresses deeper into being a knowledge economy, its labour market opens up further for people to participate, especially those with higher levels of education.

Pegkas (2014) practically tested the neoclassical model using Greece as an example. Data points used were from 1960 – 2009. The results showed that there is indeed a long-run relationship between educational levels and gross domestic product (Pegkas, 2014). A further breakdown showed that the educational levels from this impact was observed the most in secondary and higher education, with primary education not being a contributor. This theory underpins the need for an educated country, which can be achieved by ensuring the youth, especially those from previously disadvantaged communities, can access the institutions of higher learning. Central to this, is adequate funding in the higher education system.

3.1.2 Stakeholder Theory

Freeman (1984) originally presented the idea of a stakeholder to strategic management arguing that the stakeholder approach should emphasise an active management of the business environment, its relationships and the promotion of the shared interest. This was later supported by Benner and Cochran (1991) who explained that stakeholder theory acknowledges the requirement to address the needs, expectations and interest of stakeholders. Donaldson (1995) argues that in order for a corporation to achieve its performance goals, an examination of its connection through a stakeholder framework is essential. Stakeholder theory addresses the role of corporations as it pertains to accountability from its management and directors. This accountability in most instances, relates to the social welfare of the environment in which the corporation operates (Jensen, 2001).

This theory proves instrumental in the management of Public-Private Partnerships (PPPs) as it provides guidance in terms of responsibilities and accountability of each stakeholder in the partnership. This provides for a higher probability of success with respect to the effectiveness of a PPP (De Schepper, Dooms, & Haezendonck, 2014).

3.1.3 Collaborative Governance Theory

The success of a PPP rests on the ability of all stakeholders participating in decision-making that is consensual. Based on this, collaborative governance theories have been used for policy making and implementation over the past few decades (Ansell & Gash, 2007).

Collaborative governance provides for a forum where multiple stakeholders who carry a common purpose, engage in order to reach a solution through consensus-oriented decision making. Ansell and Gash (2007) state that this form of policy making has emerged as a result of increased specialisation in knowledge from a public and private point of view. In previous decades, policy implementation would fail due to the lack of private sector knowledge by public sector entities (Ansell & Gash, 2007).

Emerson, Nabatchi and Balogh (2011) argue that the development and testing of this theory has proven to be amorphous due to the variability in the scope and scale of the theory. This however, is not an impediment to developing a framework that will provide for aspects such as conflict management, planning, as well as implementation for programmes such as PPPs.

In summary, the study is grounded on the three critical management theories which are Endogenous Growth theory, Stakeholder theory, and Collaborative

Governance theory. Endogenous Growth theory is based on how the economic growth of a country could be enhanced through an educated population. What is evident from the context of the study is that there is a need for efforts to create an educated South Africa, which will act as a critical catalyst to push back the triple challenges within a growing economy. This is evidenced in the case of Singapore, a country which has no natural resources, yet is ranked among the top ten richest economies, in nominal and purchasing power parity terms[10] by the International Monetary Fund ("Projected GDP per capita Ranking", 2019). The Singapore government took a decision to invest and develop in its only resource, its people through education and skills development. As at 2016, education spend in Singapore had risen by 200 times from 1959 (Quah, 2018). Mauritius serves as an example of a country that transformed from a poor country surviving on its sugar sector, to becoming a country with one of the highest per capita income in Africa (Zafar, 2011). The Mauritian government took a decision to invest heavily in education in the 1980s and 1990s, this is demonstrated through the high government expenditure that is diverted towards education developments in the country's budget every year (Odit, K, & Fauzel, 2010). These two cases demonstrate how heavy spending and investments geared towards educating a population, can yield long term returns through economic growth.

As such, education within the social context is important. What is critical though is that these should be done hand in hand with all the societal stakeholders as it cannot be done by government alone. This bring forth the importance of ensuring that this study is also grounded on Stakeholder theory which argues that all stakeholders are required to be part of the decision-making process. These ought to be done in a collaborative manner but critically within accepted guidelines of good governance as a failure to instil those will sabotage the efforts and stakeholders may not be willing to participate within partnerships that do not ensure that everything is done above board for sustainability. To this end an effective PPP for funding higher education in South Africa needs to understand and ensure that funding of education is important for a socio-economic context

[10] A unit of equalizing currencies in order to show the ratio of prices in a national currency for the same basket of goods and services. https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm

and the process of executing ought to make sure that all stakeholders are involved and governance structures guide the execution.

3.2 The Economic Ripple Effect of an Educated Population

In July 2014, research findings from the Economic and Social Research Council (ESRC) in the United Kingdom (UK) indicated that a positive correlation exists between higher education participation rates, and the levels of development in societies (Economic & Social Research Council: UK, 2014). High levels of education are pivotal to the design and production of new technologies for a country's innovative capacity and for the development of society more broadly (Badsha & Cloete, 2011). This is evident in China where developments in education are underpinned by technological innovations that filter into the economy and societal development in Chinese societies (Deloitte China, 2018).

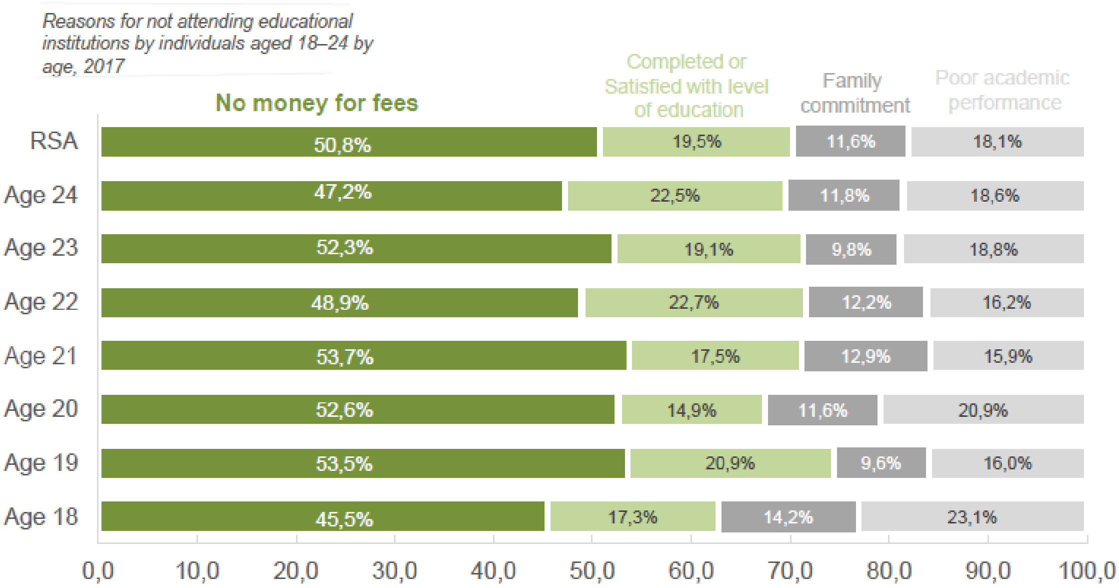
3.2.1 Inequality in South Africa

The socio-economic status of a community is highly dependent on the education levels of its population (American Psychology Association, n.d.). It is thus not surprising that countries such as South Africa, which had deliberately perpetuated unequal opportunities in education is today one of the most unequal societies (World Bank, 2018). South Africa is not immune to this peril, with the last measured Gini coefficient of inequality at 0.63 as at 2015 (South African Institute of Race Relations, 2017). Studies by Naidoo (2004) confirmed the influence of education on the socio-economic status of society. This feeds into the levels of inequality in a nation, as proved by Pierre Bourdieu in his theories on higher education, inequality and society (Naidoo, 2004). Bourdieu argues that a higher education system gives rise to social classes and structures of domination in an economy; this is evidence on the importance of higher education in a nation.

3.2.2 Access to Higher Education in South Africa

Access to higher education in South Africa is characterised by racial inequalities which stem from apartheid legacies (Institute of Race Relations, 2017). These are primarily of a socio-economic nature and affect black students negatively. Letseka and Maile (2008) argue that steep university fees serve as the biggest contributor to continued under-representation of black students in tertiary institutions. This is due to students depending for fees from parents who are already of a middle or low economic status, and as such, cannot afford high university fees (Statistics South Africa, 2017). The snapshot below shows that a total of 1.4 million individuals which represents 50.8% of youth from the age of 18-24, did not attend higher education institutes due to lack of funds (Maluleke, 2017). This information was used from data obtained in the General Household Survey of 2017 which is undertaken by Statistics South Africa to determine the level of wellbeing and development in South African households. Household income serves as a component of this survey (Statistics South Africa, 2017).

Figure 1: Reasons for not attending HEIs for 18-24 year olds (2017)



Source: Statistics South Africa

Bourdieu (1996) further supports this statement by arguing that universities are conceptualised by accommodating students through social classification, implying that access is only for those of a certain social standing. The Council for

Higher Education in South Africa recorded the participation rate of African students, excluding Coloureds and Indians as 16% in 2013 (Council on Higher Education, 2016).

The South African government has implemented policies that attempt to redress apartheid legacies. This was in part through the establishment of a Department of Higher Education and Training (DHET) which solely focuses on attaining equity and increased participation in post-school education and training (Department of Higher Education and Training, 2013).

3.2.3 Societal impact

The level of education for individuals in a society has been used as one of the clearest indicators for socio-economic factors such as employment, income, social status as well as overall wellbeing (Economic & Social Research Council: UK, 2014). These factors increase as an individual’s level of education increases. This is commonly referred to as the Education Effect. In addition to education level being the strongest predictor in social factor models, the Education Effect has also shown to be both robust and relatively stable over time. Intrinsically, it is used for social predictor models (Economic and Social Research Council, 2014). Research conducted by Badsha and Cloete (2011), showed that a remarkable relationship existed between higher education participation rates; Gross Domestic Product (GDP); the Human Development Index (HDI) and Global Competitiveness. The Asian Development Bank relates to these as positive externalities, as the benefits that accrue to society in general are above those that are accruing to the graduate (Asian Development Bank, 2009). Therefore, this means that the social rate of return to having a higher level of education is high, and this is especially true for developing countries.

The social impact therefore of empowering a few individuals from a community, can lead to strides in poverty eradication. In the long term, this leads to a lower burden on the fiscus as the social security net is relieved of some individuals in the system. A United Nations empowerment programme undertaken in Eastern India, where the communities were extremely marginalised and living under the poverty line, yielded results where seven years later, the majority of the women in the community became entrepreneurs and were empowered. Indices like education, health and sanitation also improved (United Nations, 2013). Social capital returns can be observed, although not quantifiable in countries such as South Africa, where the concept of Ubuntu[11] is practised actively (Mbaya, 2010). This practice sees successful working graduates going back and uplifting the communities from which they come, and as such, creating a multiplier effect on the social benefits of investing in higher education.

3.3 Funding of Higher Education

Higher education funding remains a critical conversation, as it required many resources, due to the costly nature of higher education. As such, several funding models are discussed, with emphasis on three, namely, income contingent loan, cost sharing model and PPP model (Craig & Nazil, 2009).

3.3.1 Income Contingent Loans

The Higher Education Contribution Scheme (HECS) is a policy decision taken by the government of Australia in 1989 to finance higher education. The HECS is a deferred, Income Contingent Loan (ICL) where university students' tuition is funded, and a portion is recovered once they have graduated and their income reaches a certain threshold (Marks, 2009).

Since the implementation of the HECS, similar income contingent loan strategies have been adopted in countries such as New Zealand and the United Kingdom. Chapman (2015) however, argues that although these models are evidenced to be working in developed countries, failures in implementing collecting mechanisms have led to difficulties in adopting ICLs in developing countries.

In South Africa, NSFAS is the closest comparison to an ICL, however various issues with the system such as low recoveries, administrative problems and

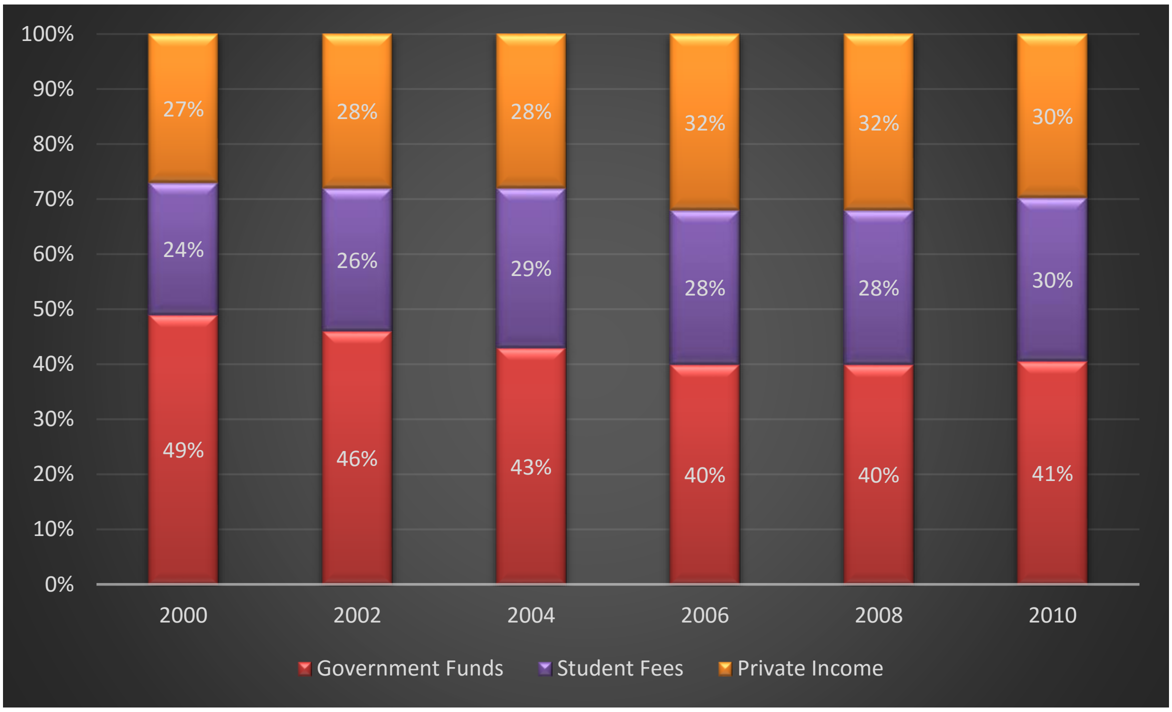
[11] Ubuntu is viewed as a social ethic that promotes the common good of society and humanness, by believing that an individual will always be part of a community and this community will always come first (Venter, 2004).

accusations of corruption have led to students from low income households being excluded from the system (Nicolson, 2017). An ICL however, was the final recommendation of the fees commission (Department of Justice, 2017). This recommendation was met with criticism by education bodies and political parties due to the regressive nature of ICLs (Gerber, 2017). The primary reason for the criticism is that not only will the state be laden with debt if students default, but that the students being funded were at risk of being debt trapped, and as such, constricting economic growth.

3.3.2 Higher Education Funding with Cost-sharing model

South Africa currently utilises a cost-sharing model within its higher education system (Pillay, 2009). This model implies that funding for higher education is partially subsidised by government, however students are also required to share in the cost of funding by paying for a significant portion of their own fees. The adoption of this model is based on s29(1)(b) of the Constitution of the Republic of South Africa which states that it is not the government's prerogative to provide free higher education for all (Department of Justice, 2017). As a result, the second significant source of income for tertiary institutions is fees which would be derived from household incomes of students or bursaries awarded from the private sector (Statistics South Africa, 2016).

Figure 2: Income Sources of Public HEIs (2000 – 2010)



Source: Department of Higher Education and Training

Figure 2 illustrates a breakdown of income sources to tertiary institutions. Government funds refers to subsidies with the exclusion of the NSFAS, which is viewed as a loan and not a subsidy. Private income refers to all other income these institutions receive through research contracts, donations, investment and renting of facilities.

The data shows a gradual decrease in government funding; this gap by default is filled through an increase in student fee requirements. The high inequality and rising poverty levels restrict students from numerous households from participating in higher education (Statistics South Africa, 2017). This means that students who come from households with low income and who are not recipients of NSFAS, bursaries or grants, stand a chance of being excluded from these institutions due to an inability to pay fees, which in South Africa, is estimated to be around 55% of university students (Statistics South Africa, 2016).

3.3.3 Funding through a Public-Private Partnership

The definition of PPPs varies throughout literature on public services contracts. There is however, universal agreement on what PPPs aim to achieve, and that is some form of co-operative relation between public and private sector agents with the intention of achieving a common goal (Hodge & Greve, 2007). This provides for benefits through intervention in an economy by utilising and combining the strengths of both the public and private sectors.

PPPs have been used quite extensively in the education sector in various countries. Benefits from these partnerships are realised, based on the strength of the framework governing the partnership and how well designed these are. Patrinos, Barrera-Osorio and Guáqueta (2009) provide models that show extensively that poor households tend to be the greater beneficiaries of PPPs in education. This is achieved through the provision of increased educational choices for these households, therefore increasing socio-economic welfare. This may be qualified by a Tanzanian study where Mgaiwa and Poncian (2016) conclude that PPPs in the higher education sector in Tanzania have shown to be capable of providing solutions in terms of education provision, financing, management, access and quality. These partnerships in Tanzania have increased student enrolments in higher education by as much as 30% (Mgaiwa & Poncian, 2016).

PPPs are instrumental in instances where governments do not possess sufficient funds for developmental goals (Hodge & Greve, 2007). This serves as one of the most advanced arguments in opting for PPPs. These partnerships ease the financial constraints on the public sector through investments by the private sector. Through complementing each other, the total resource base for both the public and private sector increases (Tilak, 2015).

3.3.4 Funding Mechanisms in a Public-Private Partnership

Funding of PPPs in practice is commonly a function of each party’s resources in the partnership and the objective of the partnership. From an infrastructure perspective, the private sector will fund an infrastructure project 100%, with the government providing regulatory measures and serve as an implementing agent (National Treasury, 2018, p. 158). Education however, which is viewed as a tool to achieving economic growth and improving social welfare, provides room for the government to contributing through some monetary form and a partnership as such, increasing financial resources that are to be committed to higher education (LaRocque, 2011). The private sector is expected to fund a larger portion of the financial resources, and the incentives for the private sector funders is in the form of tax benefits, or programs that the government has control over.

3.4 Benefits of Partnerships in Funding Higher Education

Higher education in most African countries is characterised by low participation rates. These levels of participation are skewed by factors such as gender, socio-economic status, and region (Pillay, 2009). As a result of this, various countries have attempted to implement higher education funding models that may increase participation rates.

Higher education partnerships in Tanzania observed that PPPs were able to increase tertiary enrolment by 30% of the total student population in tertiary institutions (Mgaiwa & Poncian, 2016). Reforms in education in Tanzania were brought about in order to include the private sector in bringing about socio-economic development through investment in education. Backiny-Yeta and Wodon (2009) further back up the benefits of partnerships by providing evidence from Sierra Leone and the Democratic Republic of Congo, where private providers partnered with the state to make education accessible.

A study conducted by Pillay (2009) on the Southern African Development Community (SADC) found that most countries in this region have implemented cost sharing or private sector strategies in order to fill the gap of inadequate public financing in higher education. The funding models used in this regard centre around student fee paying, as well as bursary and scholarship schemes offered by private companies.

In order to attain equity with respect to higher education, the Brazilian government implemented the Prouni (University for All) initiative in September 2004. This initiative is meant to coerce private institutions to allocate places for low income students in return for tax exemptions (McCowan, 2007).

3.5 Risks of Public-Private Partnerships

There is a large body of literature that argues against PPPs, based on the negative outcomes which these partnerships may yield. These are mainly centred on the risks associated to the design and regulation of PPPs (Patrinos, Barrera-Osorio, & Guáqueta, 2009), given that they are primarily used as a development strategy in various economies.

PPPs tend to fail if there is no clear mutual benefit for stakeholders. This gives rise to the need for a well conceptualised regulatory framework (Pongsiri, 2002). Clear definitions in terms of roles and risk sharing need to be provided for. This mitigates the risk of uncertainty and failure.

Clark and Newman (1997) warn against PPPs that are engineered by governments for political support. These partnerships run the risk of failing due to mismatched intentions between the main stakeholders. The above provides high level guidance on constructing a PPP. All parties to the partnership need to be aligned in terms of the end goal, without ulterior motives that do not benefit both parties.

3.6 Public-Private Partnerships in Practice

PPPs in education are commonly adopted in primary and secondary school education. These methods, however, can be altered and utilised to fit the higher education system. This was done in Tanzania, where education and other social services have been developed through partnerships with the private sector (Bray, 1999). These partnerships are deemed to be somewhat successful with regards to increasing participation in education in developing countries, as the governments of developing countries cannot solely afford the cost of educating the population due to their economic position.

In Tanzania, the PPP is structured in such a manner that both the public and private sector share in the costs and risks of education through contractual mechanisms of the specific role that the private sector will play in assisting the state. The Tanzanian model has been successful by improving access to higher education by 30%, however there is no evidence that it improved the quality of higher education in the country (Mgaiwa & Poncian, 2016).

Within the primary and secondary education aspect, PPPs are utilised to increase access to education for low-income families that will ordinarily not be able to afford to take their children to school. In Haiti, the World Bank has partnered with the state to provide subsidies of US$90 in order for poor students to enrol at private schools for free through the World Bank's Haiti Education For All Adoptable Program Grant (Patrinos, Barrera-Osorio, & Guáqueta, 2009). The students are selected based on criteria set by the state's Ministry of Administrative Affairs. This PPP has been instrumental in assisting children who would have otherwise remained out of school in Haiti.

The Punjab Education Foundation is another working example of a PPP in Pakistan. The programme was started in 1991 and restructured to a partnership to include the private sector in 2004. This is implemented through a voucher system that is used to increase enrolment and quality of education in poor areas (Patrinos, Barrera-Osorio, & Guáqueta, 2009).

Within the South African context, business, according to Besharati (2015), has begun to observe the long-term benefits of investing in education, with respect to improving and reinforcing the available workforce and sourcing service providers. The South African Government (2011) urged the critical stakeholders, such as business, labour, communities and government to work together in order to assist South Africa to achieve faster growth and jobs, education and skills. This will in turn, help the country to become a capable developmental state. For this to happen, there is a need to unpack various dimensions of intersectoral interdependence, including the exchange of resources, such as funds, capacity, as well as political support (Mthethwa, 2018). PPPs can also find a position within the higher education system in South Africa so as to assist with the socio-economic imperatives. As Gurn (2016) explains, the social partnerships are required to tackle obstinate societal challenges that individual organisations find too overwhelming or complex to deal with alone.

3.7 Findings from Literature Review

The literature on PPPs provides for an over-arching guideline on the factors that are critical to implementing a successful PPP in higher education. This is evident in management theories that have been researched in line with the implementation of PPPs in various sectors. From an education perspective, country studies have been conducted by the World Bank on PPPs in the basic education sector. This may serve as a starting point for a South African perspective, as the fundamental characteristics of these partnerships could possibly be adopted with minor alterations for a higher education perspective. This is because the country studies were conducted in economies that have similar characteristics as South Africa, such as India, Brazil and Tanzania.

There is a gap in the literature as it pertains to overall African countries and how higher education fee constraints are addressed through working with the private sector, with the only well documented study being that of Mgaiwa and Poncian (2016).

Overall, the research is divided on whether a PPP serves as an ideal instrument for addressing state issues, with conclusions linking implementation and alignment of interest as the core factors for a successful PPP.

4 DESIGN AND METHODOLOGY

4.1 Research Design

Serfontein, Basson and Burden (2009) explain that the research design is composed of three aspects which are research paradigm, research method and research strategy.

4.1.1 Research Paradigm

The research paradigm provides the guide on the beliefs and the assumptions that the researcher has pertaining to the study. Based on the problem that was being investigated, it was appropriate that the study was conducted using an interpretivist paradigm as it provided the richness that the researcher used to answer the research question (Sarantakos, 1998; Creswell, 2013). This means the reality is subjective and resides with the people who live in that world. In essence, it aims to understand people and their experiences (Babbie & Mouton, 2008). This was important for the study as it sought to develop an optimal PPP model that can be used to fund higher education. Scotland (2012) explains that research paradigm includes ontology which is the nature of the reality that exists and epistemology which addresses the facts through which knowledge can be created, acquired and communicated. The ontological position of the study was relativism, as it was of the view that the reality is subjective, while the epistemology of the study was subjectivism which means that the world does not exist independently of people's knowledge of it (Sarantakos, 1998; Scotland, 2012). As such, the philosophical position of the study was that the knowledge and the meaning of the research was constructed from the interaction between the participants and their world, and was then transmitted into social context.

4.1.2 Research Method

There are three common methods for conducting social science research and these are quantitative, qualitative and mixed method (Blumberg, Cooper & Schindler, 2014). In line with the purpose of the study, the qualitative method was selected as ideal as it allowed the researcher to acquire in-depth information about the phenomenon of interest (Leedy & Ormrod, 2015). This is because qualitative data provides explanations that are rich and descriptive in nature. These descriptors enhance understanding of the problem (Blumberg, Cooper & Schindler, 2014). Data of a qualitative nature helps identify patterns and creates configurations within variables (Sofaer, 1999).

4.1.3 Research Strategy

Zikmund, Babin, Carr and Griffin (2010) note that there are four major categories of qualitative research strategies in social research studies; these are phenomenology, case study, grounded theory, and ethnography. In line with the paradigm of investigating the phenomenon, this study employed phenomenology, specifically interpretative phenomenology (Smith, Jarman & Osborn, 1999). The major advantage of using interpretative phenomenology is that the study does not make an attempt to test a pre-determined hypothesis, but rather aims to explore and detail the overall aspects of the PPP funding model, its factors and its management (Smith & Osborn, 2007).

4.2 Research Methodology

Mouton (2005) explains that research methodology comprised among others, the population and unit of analysis, sampling, data collection methods, data analysis methods, and quality assessment (credibility and trustworthiness) and ethics applied.

4.2.1 Population and Unit of Analysis, Sampling

The population of the study comprised different stakeholders which were business, government, educational bodies and students (Leedy & Ormrod, 2015). The overall population was not known as there was no single repository from which all these educational stakeholders could be accessed. Despite this, the population of business that was targeted in this study were companies on the JSE and were thus quantifiable. This was comprised of 165 listed companies on the FTSE All-Share Index (JSE, 2018). The targeted students comprised three categories of students, which were alumni, current students and aspiring students (post-matriculation). The educational bodies targeted were those that have an impact on policy and education development which include Universities South Africa (USAF) and the Department of Higher Education and Training (DHET), as well as the Public Investment Corporation (PIC).

The unit for analysis was organisations which were represented by management (Zikmund, Babin & Carr, 2010). The sample for the study was 17 which is within the range of phenomenological study (Saunders, Lewis & Thornhill, 2016). This sample was selected using a purposive sampling, a non-probability method (Leedy & Ormrod, 2015). This was important as the sample was selected for a particular purpose and was assumed to have the necessary information to contribute to the study (Leedy & Ormrod, 2015). The sample of the study comprised 17 participants from different stakeholders as presented in Table 3.

Table 3: Number of Respondents from the study

Stakeholder number	***Sector***	***Experience or Role***
RTP1	Public	Fund principal
RTP2	Corporate / Private	Head: Learning and Development
RTP3	Public	Acting Chief Executive Officer
RTP4	Corporate / Private	Chief Executive Officer
RTP5	Educational Body	Chief Executive Officer
RTP6	Corporate / Private and Educational Body	Chief Executive Officer

RTP7	Corporate / Private	Chief Executive Officer
RTP8	Higher education	Student
RTP9	Higher education	Student
RTP10	Higher education	Student
RTP11	Higher education	Student
RTP12	Higher education	Student
RTP13	Higher education	Student
RTP14	Higher education	Student
RTP15	Higher education	Student
RTP16	Department of Higher Education and Training	Director
RTP17	Education Expert	Lecturer and Executive Head: Human Resources

4.2.2 Data Collection Methods, Data Analysis Methods

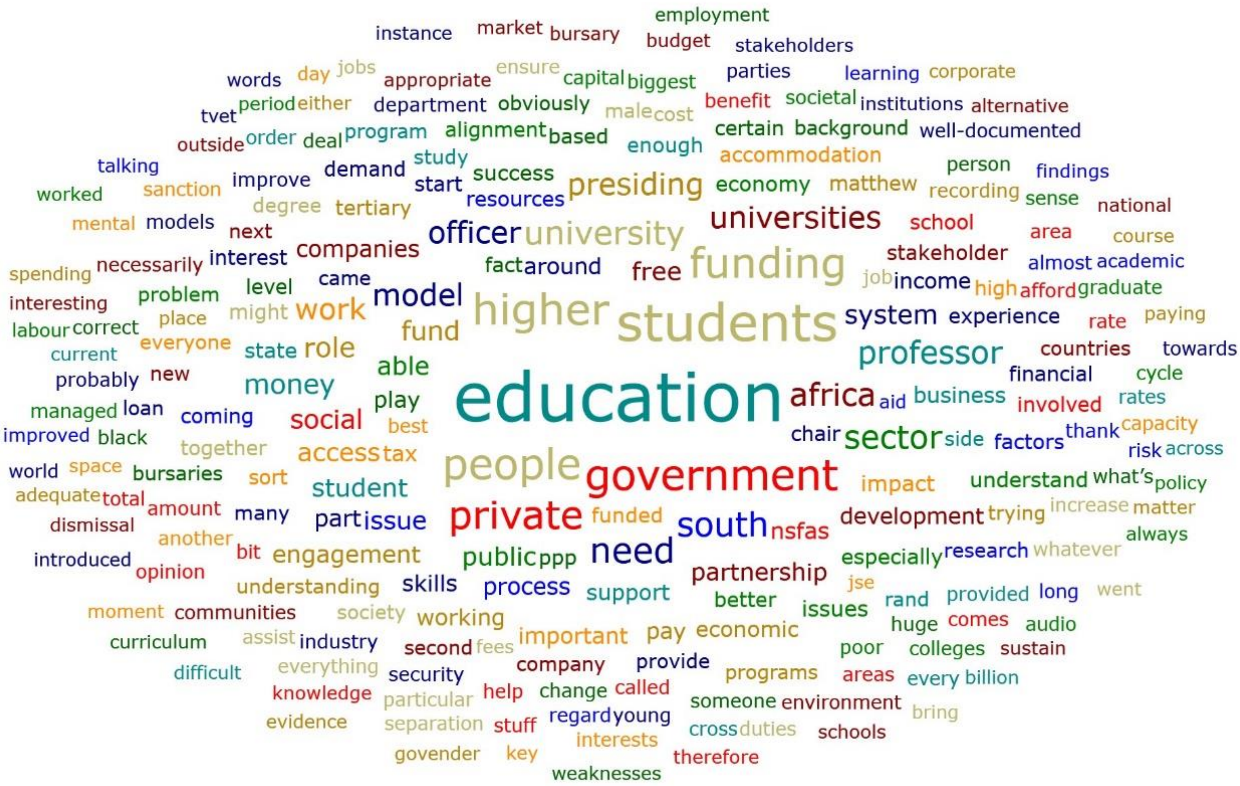
The data was gathered through semi-structured interviews with the main stakeholders. The interviews, on average, took 45 – 60 minutes, and were conducted through face-to-face, telephone and Skype media. All interviews were recorded.

The interviews were transcribed and analysed using Atlas ti 8.0 (Rambaree, 2013). This approach for data analysis was based on the six steps proposed by Braun and Clarke (2006). These steps include familiarisation with the data, initial coding, consolidated codes, development of themes and refinement, development of maps and their association and reporting of the results and the results in the study are presented as such.

4.2.3 Relevance of empirical data

A word cloud was completed to confirm the relevance and focus of the interviews and the key words which were the most dominant as aligned to the purpose of the study, and is depicted in Figure 3. From the word cloud it is clear that the most dominant words were ***"education; students; government; private; people; higher; funding; university; private; need; free; model and south"*** and these words are key in trying to investigate the objectives which meant that the empirical evidence that was collected from the interviews was relevant to effectively investigate the objectives of the study.

Figure 3: Word cloud on key words transcribed from interviews



4.2.4 Credibility and Trustworthiness

Morse et al. (2002) cited Guba and Lincoln (1994) in that the quality assessment in qualitative research is that validity and trustworthiness or reliability should be evaluated with credibility, transferability, dependability and confirmability. In this study, efforts were made to ensure credibility and the summary of the approach is presented in table 4 below.

Table 4: Evaluating credibility and trustworthiness in the study

Quality Strategies (Factors)	Characteristics (Shenton, 2004)	Approach in the study
Credibility	Seeks to measure what the study intended to do. "How congruent are the findings with reality" (Shenton, 2004, p.64).	• The study adopted a well-established method - Qualitative methods which sought to find the "what", the "how" and the "why" of the study. • Multiple purposefully selected stakeholders where interviewed in order to triangulate the data. • Reflective commentary was undertaken in order to develop the research framework. • Pseudo member checks were conducted by transcribing data and checking against the recordings that it reflects what was said by the respondents. • Previous research findings were examined in the discussion to confirm if they are congruent with the findings of the study.

Transferability	Providing information and characteristics of the research so that it can be transferable in similar settings.	• The stakeholders were clearly identified. • The number of respondents to the study was provided. • The proposed method of collecting data was employed. • The length of the data collection sessions was provided in the interview guide. • Data saturation was used to not only provide credibility to the study, but to transfer the data.
Dependability	Providing critical detail of what was done in the study.	• The research design and implementation followed the guidelines of qualitative methods. • Operational detail of data gathering ensured that there was an adequate sample size, which was within 5 to 25 respondents as proposed by Saunders, Lewis and Thornhill (2016); more than the minimum of six as proposed by Creswell (1998); and a total of 17 which was within the

		optimal level of respondents as proposed by Mason (2010). • The reflective appraisal of the study is similar to the reflective commentary of the study which was used to ensure effectiveness of the data gathering process.
Confirmability	Tracking the sequence of events and their interrelationships in the study – Theoretical trail and data orientation trail.	• An evidence based approach was used where a sequence was used from the objective to outline the findings and make a conclusion. The word cloud in figure 3, confirms this approach.

By ensuring adequacy of the sample which was evaluated with an optimum number for the design selected, saturation and power analysis for the sample decision in similar studies (Guetterman, 2015). As this study was not intended to generalise to the population, generalisability was not the focus (Shenton, 2004). Dependability was used to address the issues of reliability; this was done by ensuring that there was an interview guide which ensured consistency in the questions being asked. During data analysis, the reporting included associations with the network maps. Confirmability was conducted by validating the transcripts through checking with the recordings if they were captured correctly (Shenton, 2004). Furthermore, the evidence-based approach to report writing was adopted where verbatim quotations were used to support the statements. The multiple stakeholders were interviewed to assist with the triangulation of the data to improve its credibility and the data rich saturation as there were no new themes that were developed in the last two interviews (Martin, 2008).

4.2.5 Ethical Considerations

The methodology for this study posed a few ethical issues. The approach to ethical consideration was conducted in line with the guidelines proposed by Leedy and Ormrod (2015, p.120-215). These were based specifically on the students who were interviewed. Based on the premise that the subject that was addressed is a sensitive matter for students, some levels of distress or discomfort might have occurred with the subjects. Expectations might also have been created in that the study may lead to funding of the students that might not currently qualify for free education. As such, it was important to clarify the aim of the study and be clear to the students participating that the study would not at this stage, assist with their current challenges. The stakeholders were also assured that their contribution would be treated with confidentiality and there would be protection of personal data.

These aspects were addressed in the introductory paragraph of the interview guide and stated in such a manner that no ambiguity was presented with respect to the questionnaire. The interview questions were also designed in a manner that was sensitive, and that the questions did not cause or increase the levels of distress to the interviewees.

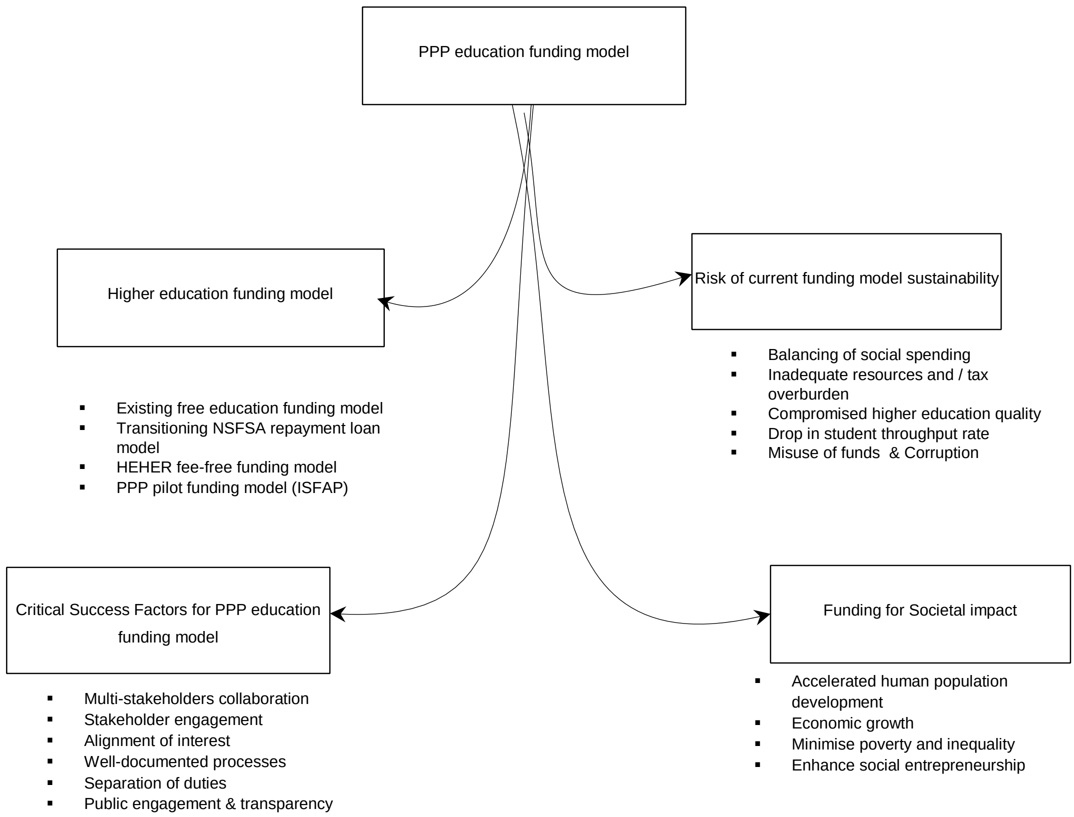
5 RESULTS AND DISCUSSION

5.1 Results

Multiple stakeholders were engaged to understand the current existing higher education funding model and its associated risks; as well as the factors that should shape a PPP higher education funding model, and its structure for societal impact. Based on thematic analysis, four sub-themes were developed to investigate the over-arching theme of the study. These were (Figure 4):

- Higher education funding model;
- Risk of current funding model;
- Critical success factors for PPPs funding model; and
- Funding for societal impact.

Figure 4: Thematic map with overarching theme, the four sub-themes and related codes



5.1.1 Higher education funding model

As a point of departure, it was imperative that there was an in-depth understanding of the current funding model before it was diagnosed by understanding its associated risks. This was important in order to later develop an improved and sustainable funding model through a PPP. Based on the discussion with the stakeholders, it was revealed that there is currently a free education funding model that is employed to fund qualifying students. This was a model which came into effect in January 2018 and replaced a loan replacementbased model that was managed by NSFAS until the introduction of this new model. The existence of the free education was confirmed by the students and was also collaborated by the representative of the DHET. Direct quotes from the interviews have been included in italics to present the views of the respondents.

"So, it wasn't completely free for all, it was free for a certain income bracket of students that qualified in University." [RTP15 – Undergraduate student]

"But, um, we don't have loans anymore at the moment because those students that have completed and have loans are still paying them back. But what we have now is a full bursary even the students that were on the old system from 2017 to 2018." [RTP16 – Director: DHET]

"Well, before you had to pay, they funded you and you had to pay back. But now it's a grant, so it's basically free, you don't have to pay anything back." [RTP8 – Undergraduate student]

In explaining, the stakeholders advised that this free higher education model is based on a grant payment offered to students who study at HEIs. This fee covers tuition, study material, accommodation and meals. It is however not free for everyone but based on the economic position of a family. This grant is derived from mainly taxes.

"The way I do understand it at the moment is that there is an allocation that is made to certain sectors of the population; those that cannot [afford]." [RTP1 - Fund Principal: Public Sector]

What was evident from the discussion was that this free education model transitioned without historical debt. This means students who owed NSFAS before the implementation of free education (prior January 2018), were still expected to pay back those loans. As such, there was still the existence and management of collecting from the historical loan-based repayment portion of the scheme. This historical funding model was administered through income contingent loans, which the students had to repay once they reach a certain income threshold post-graduation.

"We had prior in 2018 is in fact a loan an income contingent loan model. Which was one of the main recommendations at the Heher Commission." [RTP16 – Director: DHET]

In addition to the current free education funding model and phasing out of the repayment model, the stakeholders explained that proposals were made during the Heher Commission which was established to propose a sustainable funding model for higher education. Ensuing debates were that education is a public good and should follow a 'fee-free' structure, and as such, the Commission's recommendation which was based on a sustainable model of income contingent loans, was not accepted.

"Heher Commission you will see the people that are arguing that higher education is a public good. We are arguing that it must free." [RTP16 – Director: DHET]

Although the government went for a free education model route, it is plausible that they were still concerned about its sustainability. As a result, efforts were put in place to look for alternative funding models. Respondents referred to the Ikusasa Student Financial Aid Programme (ISFAP) model. This model funds students studying in critical skill environments that will be required for the 4th and 5th industrial revolutions. ISFAP is a partnership model funded by the private sector and works closely with public sector entities such as the DHET and the Department of Trade and Industry (DTI). ISFAP seeks to provide students from poor and working-class backgrounds with opportunities that will significantly improve their participation in the growth of the country as well as the communities from which they come.

This model was first piloted at the University of Pretoria, and as at December 2018, it was funding 1,303 students from 12 institutions of higher learning in South Africa. This is about 0.2% of the estimated 591 519 students that required funding according to ISFAP projections. ISFAP provides students with tuition, books, accommodation, meals and a stipend, and in addition, the programme also offers academic, social and psychological support. The DHET is studying this model as an option to implement a PPP that is sustainable in the higher education space in South Africa.

"So we already as ISFAP running pilot at the University of Pretoria where the whole idea of impact investing, we're attracting impact investors and we started the pilot in the Faculty of Engineering." [RTP6 – CEO: Private Sector]

"ISFAP is a financial aid programme and it's operating and it set up the pilot project to look at how it might be possible to bring private sector funding into supporting students in public institutions and so this is now going into the third year." [RTP16 – Director: DHET]

In summary, currently there is a free education funding model that is administered by NFSAS, which is in transition from a loan-based repayment model. This current model was introduced after the government did not accept the Heher Commission's recommendations. There are concerns of sustainability on this current funding model, hence the development, piloting and implementation of the ISFAP model which is a PPP form funding model.

5.1.2 Risk of current funding model sustainability

It was evident from discussions with the stakeholders that there are sustainability issues related to the current funding model for higher education in South Africa. RTP1 (Fund Principal: Public Sector) narrates the issue well (Box I)

Box I Sustainability issues of current funding model
So, I think the biggest thing is that once you start something, as the question says sustainability, you need to sustain it. You need to make sure that it's a workable solution. It appears that everyone, or the government itself, approached this thing cautiously…with caution, because they simply said we cannot fund everyone at this point, there are certain people that we are going to fund. And even in the last minute when the budget speech for 2018 was announced, it wasn't clear where that money is going to be coming from. So, clearly there are sustainability issues.

Most of the stakeholders stated sustainability as a risk of the current funding model. This may then lead to a dilemma of balancing social spending, inadequate resources, and a risk of tax over-burden. Possible compromised higher education quality, drops in student throughput rate and possible misuse of funds and corruption were also raised as risks to this model. The government has a burden of sustaining the funding model as most citizens rely on this system. With the youth highly unemployed and with increased but still low access to higher education, it seems that over the next coming years a large portion of the social budget will be allocated to higher education.

Below is a numbered interpretation of the additional risks other than sustainability identified by the stakeholders.

First, social spending is one of the biggest risks that the government will have to balance and decide on which aspects of social spending to prioritise or cut back on, in order to sustain the free education model.

> *"Yes, so…I suppose the biggest issue with the social spending in the country is that it's a vicious cycle in that, if we continue to fund the people without necessarily giving them the ability to become economically emancipated." [RTP1 - Fund Principal: Public Sector]*

For free higher education to be sustainable the government may have to reduce or even drop some of the programmes it has planned. Some important projects may have to be halted, delayed and executed at a later stage to fulfil the funding of free higher education. The government has significant tasks to serve this country and these tasks require resources, funding free higher education will involve strategic thinking in balancing priorities and adjustment of the budget in a way that will not harm other projects. With health, social services and infrastructure equally important, the biggest issue may be to cut off certain projects which are also key priorities, in order to fund fee free higher education.

> *"So, it's a balancing act that you have got to do, you don't have indefinite resources. You've got limited financial resources within which you must allocate, and higher education is one of the priorities, but there are other priorities as well. Health is equally a big thing, social grants, infrastructure etc." [RTP1 - Fund Principal: Public Sector]*

Second, the economic outlook of the country is rated negative, therefore the cost of free higher education may not be met. With the country collecting taxes below targets, it is clear that it may not be able to afford to pay all qualifying students. This might result in a tax over-burden, or the government will remain with inadequate resources which will then put the execution of the free education model at risk. This is evident with the increase in VAT which was introduced in the 2018 budget speech. For free higher education to be sustainable, a strategic increase in taxes needs to be exercised and collected.

"I don't think so because if they did have adequate funds to fund everyone, they wouldn't be increasing the prices, and increasing VAT." [RTP8 – Undergraduate student]

"Given our model as a country its either we increase taxes to fund this additional expenditure, which in fact did happen." [RTP6 – CEO: Private Sector & Educational Body]

"Um, the corporate tax is another avenue, which I don't think it's explored to and understand that it's almost like a dichotomy. I understand the frustration is that when you look at taxation in South Africa for example, you will find individuals are taxed a lot more than corporates." [RTP17 – Education Expert & Human Resources Executive]

Third, the biggest fear in offering free education in general, is that education will lose value as it will be supplied at no cost. Therefore, the quality of education offered must be high and competitive to global standards for it not to lose its worth.

"And the other thing is that the education itself might lose value; that's my biggest fear. It might lose value in such a way that...you know, most of free government stuff like for instance, free hospitals, mostly it's free and the service there is poor compared to a private hospital, so that is my fear." [RTP13 – Undergraduate student]

"Okay, firstly, if something is accessed, if more people access something it loses its value." [RTP11 – Undergraduate student]

Fourth, for free higher education to prove fruitful, students must finish their studies within the stipulated time. Some students may not realise the urgency to finish on time, simply because they know that education is free.

"I think the word free sometimes doesn't carry incentive with it, so if you know that you're in varsity and somebody is paying for your studies, if you're not careful as a person...it might take you longer to pass your degree." [RTP15 – Undergraduate student]

Fifth, the funds allocated for free higher education will be significant which is why they will need to be guarded and used prudently. To a certain degree, these funds may be mismanaged and used wastefully. Corruption is one of the things that may derail free higher education in the sense that the hardest working and deserving students may not receive funding promptly, but those that have connections, family members and friends will.

"There is, such as the misuse of the…those monies allocated to students." [RTP11 – Undergraduate student]

"I think the funding model is something that can be looked at differently, especially if you look at the wastage in which administratively the government seems to be experiencing and take away corruption as well." [RTP17 - Education Expert & Human Resources Executive]

Lastly, the misuse of funds also included students and the NSFAS as administrators. Student representatives and NSFAS officials have been embroiled in dishonest and fraudulent activities in higher education.

"The corruption from SRC and those who are awarding student bursaries, such as NSFAS. Because some of them, they don't give to students who really deserve, they give to their friends or family members." [RTP11 – Undergraduate student]

"I think there's a lot of fraud, even within the university. As much as the government is trying to meet the students halfway but even the universities, they are doing other things that makes the bursaries not to be successful." [RTP10 – Undergraduate student]

In summary, it is evident that the current free education funding model has model-specific as well as general model fund risks. The model-specific risks include balancing of social spending; inadequate resources and the risk of tax overburden; and possible compromised higher education quality. The general model funding risks involve a drop in student throughput rates; and possible misuse of funds and corruption. The implications of these therefore being a possible sub-standard level of education and deserving beneficiaries not being the recipients of funding.

5.1.3 Critical success factors for PPP education Funding model

After understanding the current existing model and the risks associated with it, it was evident from the discussions with the stakeholders that there was a need for an alternative funding model where there can be collaboration between the public and private stakeholders. This was apparent when the stakeholders explained that they believe that the government had committed to an initiative that was commendable, although sustainability was an issue.

"but we are worried about the future sustainability. And to be honest…the government has committed to something which is great." [RTP5 – CEO: Educational Body]

As such, the second part of the discussions focused on the critical success factors for a PPP higher education funding model. What emerged from the discussions was that a committee, forum or a task team may need to be established to work closely together, constantly engage in order to realise the desirable outcomes of the partnership.

"I think being in the African continent is that…there really are unique solutions that aren't being developed elsewhere in the world which means that you need to have that higher education system functioning as optimally as possible to drive those solutions through." [RTP4 - CEO: Private Sector]

"The issue of getting the private sector coming to participate, particularly because it is reported that they are sitting with huge sums of money on their balance sheet, you need to entice them to come along. So, I think a triple-P for me would be ideal, but if it's not a triple-P, then you must have other sources of bringing them in." [RTP1 - Fund Principal: Public Sector]

From these discussions, the following factors were identified, and they are each discussed in detail below:

- Multi-stakeholder collaboration;
- Stakeholder engagement;
- Alignment of interest;
- Well-documented processes;
- Separation of duties; and
- Public engagement and transparency.

Multiple stakeholders' collaboration was identified as critical to ensure sustainability of the funding for higher education, as there is an urgent need for a sustainable model that involves the public and the private sector. A PPP is regarded as one of the most optimal options for funding higher education in South Africa.

"Whether it's through a triple-P, whether it's through bonds or any other means, or increasing the corporate tax, but I think the source of money is most probably going to

come from the private companies as opposed to the individuals." [RTP1 - Fund Principal: Public Sector]

An emerging thought from this was that it would be interesting to understand if the current education system has tackled the skills needed for the future. The end goal is to ensure that graduates produced from this partnership have world class skills with the ability to create a workforce that can be exported and add economic value to the country and various sectors in the economy.

"If you see the big projects that have happened in South Africa that have to do with infrastructure, we've had to import the skill-set. And I think that's what we haven't done, which if done correctly and encouraging it, it will correct the historically disadvantaged." [RTP3 – Acting CEO: Public Sector]

It also emerged that JSE listed companies may play a huge role in easing the burden the government and advance economic development in this country. The companies have large sums of liquid cash that is not invested anywhere and may be pooled to fund free higher education. Suggestions of development funds to which corporates can contribute were raised.

"So the private sector by way of investment has in actual effect held cash reserves in most of their operations and those cash reserves were held because there was no clear policy direction for private sector to invest in whatever government initiatives be it social infrastructure, be it education." [RTP17 - Education Expert & Human Resources Executive]

"Instead of importing skills, call on the JSE-listed companies to reinvest in education and providing not just the funding, but also development in terms of what's changing, what we need as a country in terms of future skills, and how do we then meet those needs." [RTP2 - Head of Learning and Development: Private Sector]

Another critical factor is stakeholder engagement. Stakeholders do not have the same expectations therefore it is important to engage to focus on a common goal. When the private sector is involved in a programme, they ensure that it succeeds, their involvement in implementing a PPP is thus important to ensure it works.

"It's not only two parties here, there are a lot of stakeholders in higher education on the private sector side. We know and recognise that students themselves are a very important stakeholder

in this process. the nature and design of the facilities you know those are very important kind of factors that will require all the stakeholders to agree on." [RTP7 – CEO: Private Sector]

"The stakeholder engagement is to allow everyone to focus on a common goal." [RTP2 - Head of Learning and Development: Private Sector]

"Yeah stakeholder engagement, I mean is quite important. But I think the really important thing is the actual nature of the partnership, you know?" [RTP16 – Director: DHET]

Alignment of interest was discussed as another factor. For a PPP in higher education to be a success, interests must be channeled towards the same objective. When interests from all parties involved are well stipulated and met, the process will benefit the whole system. This in turn, adds value to society.

"The alignment of interest is about sharing a common purpose…saying no one party can solve the problem that we are talking about here. So that's very important." [RTP6 - CEO: Private Sector & Educational Body]

"Yes, so I will say that there needs to be alignment of interest, and alignment of interest in that each party needs to know what they're getting out of the process." [RTP1 - Fund Principal: Public Sector]

"I think, it's important for me that the interest is clear and is the same. I would say the alignment of interest in setting up the objectives is important." [RTP7 - CEO: Private Sector]

The next identified factor was the ensuring well-documented processes. A well-documented process is key as it will dictate who the target people will be for fee free higher education and which career paths will be given priority. This process will assist in the separation of duties, based on the strengths and weaknesses of parties in the partnership.

"For well-documented process, I think that's where we can see what's important and what is expected from the person who is going to be awarded the funding." [RTP11 – Undergraduate student]

"Look ultimately throughout the objectives is if we do not have a process and the mechanics of what we are trying to do, is not going to work." [RTP7 – CEO: Private Sector]

The other factor identified was separation of duties. It is critical that duties never be undertaken by one party in all aspects, parties must tackle areas they are strong in and delegate in areas where they do not have the required expertise.

Both the private and public sector need to be involved and actively participate in areas in which they are knowledgeable in order to derive the desired outcomes.

"That's quite important because government is good at certain things and the private sector is good at certain things." [RTP6 – CEO: Private Sector & Educational Body]

"And separation of duties; well I think that's fair, it's fair if it's going to be…It's not going to be just one company or one person doing it all." [RTP8 – Undergraduate student]

Lastly, public engagement and transparency. It was imperative that people in the country are engaged with when it comes to matters that involve the public. This aids in creating dialogues around what is good for society. Benefits of the PPP need to be communicated clearly.

"Because they will know what the people will like to have and if they engage and communicate that, they can work out something, I think." [RTP10 – Undergraduate student]

"So, somebody needs to be comfortable with engaging the public. So, we operate in the space, for us it's a collective in terms of engaging the public." [RTP2 – Head of Learning & Development: Private Sector]

The above identified factors were envisaged by the stakeholders as being critical in building a PPP funding model for higher education that will be sustainable in the future.

5.1.4 Funding for Societal impact

It was critical that the developed funding model is able to ensure that an educated society emerges from it, which in turn, has an overall positive effect on communities. To ensure sustainability, stakeholders suggested that the successful beneficiaries should plough back their knowledge into their communities through various ways, which may include tutoring in community-based organisations, high schools and other community initiatives.

"If those students that are funded, they must also give back to the society. Like for instance, tutoring high schools and stuff, the community they're staying in." [RTP13 – Undergraduate student]

"Government must lead any particular societal elements or programme in its way, and then rally around public partners." [RTP2 - Head of Learning & Development: Private Sector]

Core aspects that were highlighted by the stakeholders, to show that a PPP can lead to improvement and positive impact in the society were:

- Accelerated human population development;
- Economic growth;
- Minimising of poverty and inequality; and
- Enhanced social entrepreneurship.

Accelerated human population development leads to positive societal impact, as narrated by the stakeholders. It is thus imperative that free higher education benefits society by advancing its population through sustained savings, aligned dependency ratios and proper retirement planning. This in turn, may benefit the broader economy as more people will be taxed and more revenue will be collected by the country. RTP4 (CEO: Private Sector) narrated this as provided in Box II:

Box II Approach to human population development

I think where we find ourselves in terms of our human population development, is that…with young people in particular, we should be getting them into employment so that not only are they supporting themselves, but also so that they're saving for the future, and so that they will be able to sustain themselves when they get to retirement age. We know that our dependency ratios are exceptionally high because we have such a small population of people that are aligned. A small population of people that are taxed and that are employed, relative to the broader economy. So, that is a real concern from a current demand on social grants, but it's also a huge concern from an economic point of view. With the economy so concentrated, there's no way one can actually achieve the required growth and outputs to support the population now and particularly in the future.

Based on the above, it is evident that positive societal impact can be achieved by human population development.

"So the more people are educated, the economic burden becomes lifted and therefore the reliance on social welfare over time becomes reduced." [RTP17 – Education Expert & Executive Head of Human Resources]

The other expected societal impact is economic growth. Stakeholders explained that there is a connection between higher education and economic growth in the sense that when one is well educated, one tends to get the desired employment and adds value to the economy as a whole. With high quality education, successful economic outcomes are feasible.

"They're basically saying if you don't have proper education and health outcomes, your economic potential…it's like a direct correlation to your economic potential." [RTP4 – CEO: Private Sector]

"I think so. Because if you are well educated, you are more likely to get the job that you deserve and earn the remuneration that is…that's going to…uplift you, yes." [RTP11 – Undergraduate student]

With the country struggling with 'triple challenges' - unemployment, poverty and inequality, education is seen as a vehicle that can assist to minimise poverty and inequality among the citizens. When people are employed with reasonable wages, they improve their living conditions and unlock the poverty line. Once the poverty gap is reduced through the education system and outcomes, the economic potential of the country starts to look positive. Education will then improve the inequality gap and the challenges it faces. This is necessary in an emerging economy such as South Africa, where there are high levels of inequality and poverty. These improvements can occur through ensuring that graduates are economically active, either through being employed or entrepreneurship.

"So, there's a need for government and the private sector to be involved in that to address the unemployment and poverty and inequality issue." [RTP6 - CEO: Private Sector & Educational Body]

"What we wanted to try, and address is the minimum wage, and certainly from a business perspective, the biggest lever to addressing both poverty and inequality, we saw as employment." [RTP4 – CEO: Private Sector]

Lastly, the stakeholders spoke to enhanced social entrepreneurship. Social entrepreneurship brings about change in communities and is therefore important as it deals with the significant and diverse challenges societies face. Social entrepreneurs may deal with societal problems such as the increase in crime, environmental threats and inequality, based on gender.

“I think for me it’s…I’m interested in the social entrepreneurship space, and…because the new thing in South Africa is so…there isn’t any information on social entrepreneurship.” [RTP2 - Head of Learning & Development: Private Sector]

“Entrepreneurs, I see them as people who think differently because they don’t see a box, they don’t see...they see an opportunity.” [RTP3 – Acting CEO: Public Sector]

With the current challenges the country is facing, it is necessary that education be used to improve the society as this will advance social cohesion and make the country more attractive and more competitive and this in turn, will lead to higher levels of economic development.

5.2 Discussion

The focus of the study was to understand the risk associated with the current funding models, as well as understand factors that can develop a model for societal impact.

5.2.1 Existing funding models and their associated risks

The results of the study revealed that as from January 2018, South Africa implemented a free education model for qualifying households (poor and ‘missing middle’) transitioning from the loan-based repayment model that was managed by NFSAS. This was a culmination of protests (#FeesMustFall) in 2015, collaborative discussions and the subsequent Heher Commision commission of enquiry on the funding of higher education. The commission’s recommendation was not accepted by the government and hence, the free education funding model was established. The Heher Commission’s recommendations were of an income contingent loan for students primarily in the missing middle bracket. This approach by Heher of ICL strategies were seen to have worked in developed countries such as New Zealand, the United Kingdom and Australia, however, the South African government rejected this approach. This was not surprising as Chapman (2015) argued that these ICL models tend to fail in implementing especially the collecting mechanisms particularly in developing countries. These models are seen to work in developed countries, however in a country like South

Africa where the Gini coefficient is close to 1.00, ICLs could lead to a worsening equity state[12]. The results have shown that the generational challenges in South Africa which are still part of the current economic climate, may contribute to ICLs being regressive in nature, and as such creating a further poverty trap for the beneficiaries of this model.

From the findings, it is evident from the stakeholders' perspective that this current model has high levels of risk associated to it. The results of this study have revealed that there were five main risks in the current model, and these were balancing of social spending; inadequate resources and/or tax over-burden; compromised quality of higher education; increased delay in graduation and lower student throughput rate; and possible misuse of funds and corruption. Scandinavian[13] countries are now to impose welfare taxes to fund health, education and social interventions, and as such taxes rates in these countries may go as high as 70% (Pontoppidan, et al., 2018). The current South African infrastructure does not have capacity to tax citizens at these levels due to the nature of inequality, unemployment and poverty facing the country.

The stakeholders highlighted the need to balance social spending as South Africa did not have a bottomless fiscus for all its social obligations, with challenges such as low economic growth and high dependency on social grants as the major impediments (Van der Berg & Siebrits, 2010). This reality means that the government may find themselves being unable to maintain the social grants to about 17 million beneficiaries who are mainly elderly, disabled or children (National Treasury, 2019) which are the most vulnerable groups in society. Alternatively, government may renege on its promise for free education which could agitate society led student formations as seen in the #FeeMustFall campaign.

The alternative for the government is to bring in other options which may bear their own risks, such as tax over-burden. The agitation and unhappiness remains

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[12] https://www.news24.com/Analysis/options-on-the-table-as-sa-wrestles-with-funding-higher-education-20171120
[13] Collective term for three kingdoms in Northern Eurpoe, namely Denmark, Norway and Sweden, as well as neighbouring Finland and Iceland https://www.thoughtco.com/countries-of-scandinavia-1434588

in most quarters of the country after an increase in Value Added Tax (VAT)[14] from 14% to 15% effective 1 April 2018. This increase was meant to raise an additional R36 billion in revenue which would be used to not only bridge the government revenue funding gap of R48.2 million, but to provide allocation over the medium term for free higher education (National Treasury, 2018). This happened within an environment where the government was only funding first year students in tertiary institutions (Bendile, 2018). As the years progress, second, third year, fourth year students will still need to be funded. It is evident that there might be sustainability challenges in the future. Estimations on poor and missing middle students stand at 591,519 with an estimated R61 billion required to fund these students (Nxasana, Chantyl, & Trupp, 2018).

Other issues that might create problems of sustainability, as highlighted by the stakeholders, were the compromised quality of higher education, which can take place in institutions of the higher learning that are not properly funded (first and second stream). This could have a ripple effect which might ultimately compromise the quality of education, with HEIs producing graduates who are not competitive in the workplace.

Noteworthy, ISFAP, a PPP model, was developed as a partnership model funded by the private sector and working closely with public sector entities such as the Department of Higher Education and Training (DHET) and the Department of Trade and Industry (DTI). This model was first piloted at the University of Pretoria, and was at December 2018, funding 1,303 students from 12 institutions of higher learning. According to a stakeholder from DHET, government is now studying this model for the possibility of full-scale adoption. This underpins the notion that the government is looking for alternatives to the current funding model, and this can be inferred as due to required continuous improvement and possibly working to manage the high risks associated with the current model.

[14] Value Added Tax is a consumption based tax that was introduced in South Africa in 1991, and is implemented in more than 140 countries. http://dspace.nwu.ac.za/bitstream/handle/10394/14253/Botha_HM.pdf;sequence=1

5.2.2 PPP funding model for societal impact

Gurn (2016) explains that social partnerships are required to tackle obstinate societal challenges that individual organisations find too overwhelming or complex to deal with alone. To move forward, the study investigated factors for a funding model required for societal impact. Based on the results, there were five imperatives necessary to build a PPP funding model for societal impact namely, guiding principles; collaborative governance factors; risk and assumptions management; emerging insights; and societal impact. The proposed model is presented in Figure 5. This model was developed using the logic model approach[15], as this is one of the most common and effective models to gauge the impact of the project.

This model comprises five key inputs and activities. These are, the guiding principles; assumptions; collaborative governance; risk review and management; and funding mechanisms. It is proposed that the model be driven by four principles, which are alignment of the interest, separation of duties, qualifying criteria and capital acquisition and capital growth management.

The inputs and activities are supported by the funds or capital that will be committed to the partnership. Findings from interviews conducted have shown that the private sector has funding available to commit to projects that can contribute to growing the South African economy. As such, it is envisaged that the bulk of the funding which is proposed to be 70%, will be sourced from the private sector. It is expected of the government to propose incentive measures in order to attract private sector capital. The ISFAP model has demonstrated that there is willingness and ability from the private sector in South Africa to be part of higher education initiatives.

The model will require checks to ensure that the ultimate objective of the PPP is met. This will be ensured through control and implementation. Clear measurement will need to be developed in order to ensure that both parties and

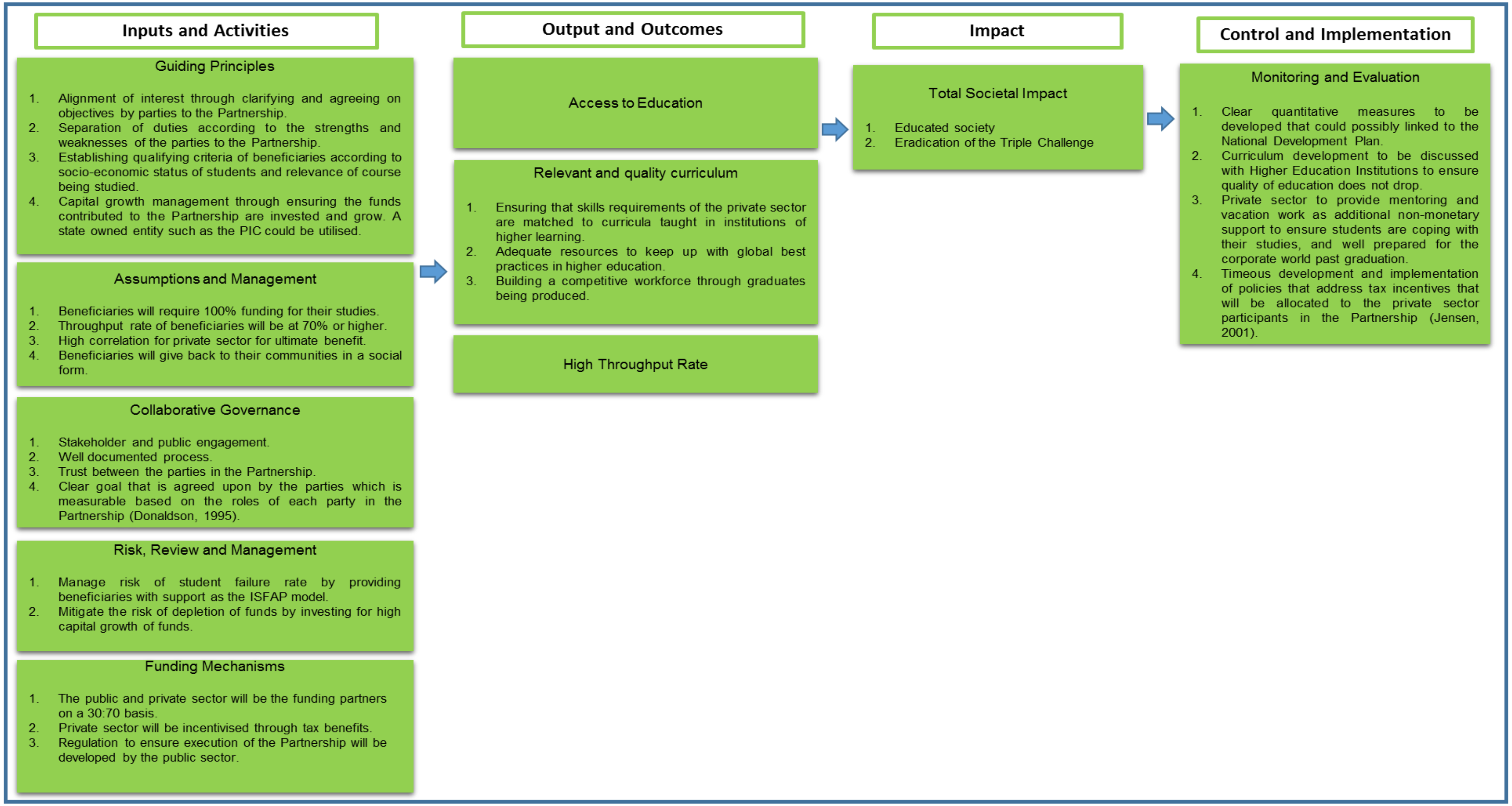
[15] This model has been adapted from the guidelines provided by the W.K. Kellogg Foundation https://www.bttop.org/sites/default/files/public/W.K.%20Kellogg%20LogicModel.pdf

the beneficiaries are playing their part in order to successfully meet the Partnership objectives.

This model serves as a starting tool that can be utilised by the parties in the PPP for discussions on how they intend to work together and address the issue of higher education funding in South Africa.

The model seeks to provide core guidelines that would not only benefit the stakeholders, but have a meaningful and possibly measurable impact on the beneficiaries’ immediate communities. Higher education in South Africa serves as a tool for social mobility and addressing a number of socioeconomic issues being faced in the country (Badsha & Cloete, 2011). It therefore serves as imperative that if the public and private sector partner with a well designed and implemented model, the chances of successfully addressing the higher education funding issue will increase.

Figure 5: Logic Model to Establishing a PPP for Higher Education Funding in South Africa



6 LIMITATIONS OF THE STUDY

This research like any other research was not without limitations. As such, these limitations are critical to be considered by the reader as they assist to contextualise the findings of the study.

Firstly, the interviews were based on the experience of the participants and as explained in the methodology, the knowledge generated is subjective in nature and was generated at a single point in time, which means there are several factors, internal and external, that might contribute to the way the interviewees responded. To minimise this, the study interviewed multiple stakeholders from different areas within the education sphere and the data was then triangulated to understand commonalities and contradictions.

Secondly, there is a lack of generalisability in this study as only a small sample, which was selected using non-probability methods, was used. This was however, in line with the qualitative methods where transferability is the focus rather than generalisability.

Lastly, this was an exploratory study as it was based on qualitative methods, as such, the outcome was a model that was not validated, but it was adequate for the scope of the study. Further studies will be required to validate and test the feasibility of the model.

7 CONCLUSION

Education remains a topical issue for South Africa, like any country that drives for its development and competitiveness. What is evident is that as much higher education is a need, it is also very expensive, thus, allowing for only a few to access it if there are no interventions in place. South Africa has transitioned from the NSFAS loan-based repayment model and introduced free education for qualifying students. The assessment shows evidence that although this is in place, more funds will be required as the existing beneficiaries continue to their later years of study and new students enter the system. This increases the risk of collapse of the existing model due to, among others, balancing of social spending, inadequate resources and/or tax over-burden, compromised quality of higher education, lower student throughput rates and possible misuse of funds and corruption.

This study has shown that efforts are on-going to develop and implement a PPP model such as ISFAP. With that in mind, this study confirms that there is a need to develop a PPP model for sustaining higher education. Critically though, this model must serve all the stakeholders by ensuring it has societal impact through an educated society and eradication of the triple challenge. The private sector will benefit from having a skilled workforce that can improve productivity and the students will have access to higher education.

7.1 Implications of the study

Based on the findings and the conceptual model that was developed, the following recommendations are made to the stakeholders.

Beneficiaries: Students have a role to focus so that they complete their qualifications within the recommended period in order to create space for other beneficiaries. In addition, the students need to give back to the communities later as working adults by, among others, supporting new students with guidance and mentorship, and participating in other community development activities.

Government: Government should urgently develop policies that will allow for the effective implementation of a higher education funding PPP model that is based on societal impact and collaborative mutual benefit for the private sector. The model ensures that there is proper alignment of interest, separation of duties and capital growth management.

Private sector: The private sector must internalise their critical role in supporting societal impact and the importance in assisting the government with resources that can be properly channeled to develop an educated society, create economic growth which in turn, will assist with the eradication of the triple challenge.

In conclusion, this model that has been developed can form a basis for future investigations by academia where studies can be done to validate it using quantitative methods, such as structural equation modelling. The model is presented to form a basis for implementation of a PPP funding model in higher education in South Africa.

7.2 Concluding Remarks

The study re-affirms the realities of South Africa in that we are sitting with a very unequal society which is rife with poverty and unemployment. South Africa has not managed to effectively use the impact of free higher education in order to improve the country's socio-economic situation. Efforts that finally came to fruition of free education and the mechanisms thereof, offer a sense of hope for the impoverished citizens of South Africa to be able to improve their dire socio-economic status and be in a better place. This however can only be achieved if South Africa is able to sustain and maintain these, where eventually every citizen that is willing and has a vision to be educated and economically active achieves their dream. This study is one of those that can improve the country and society at large, however this mammoth task cannot be delegated to the government on its own, and as such needs to be viewed in a collective manner where the private sector which serves as the ultimate beneficiary of graduates, plays a meaningful, and committed role to develop the citizens and ultimately, the social and economic status of South Africa.

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Appendix A: Interview Guide

TITLE OF THE STUDY: **ESTABLISHING A PUBLIC-PRIVATE PARTNERSHIP PLATFORM FOR FUNDING HIGHER EDUCATION IN SOUTH AFRICA**

RESEARCHER: FAITH MAKWITI
CONTACT DETAILS: fmakwiti@gmail.com OR +27 60 533 1011

I would like to invite you to take part in a research study that I am undertaking in order to fulfill my requirements of the Masters in Business Administration (MBA) with the Wits Business School (WBS).

Below is an outline of the study, what my research would entail and how I would like for you to be involved. Please take the time to read through the information carefully. You are welcome to ask questions in order for clarity.

WHAT IS THE PURPOSE OF THE STUDY?

The purpose of this study is to explore the option of an additional funding model to assist the state in funding higher education in South Africa. The main focus will be on JSE listed companies and how they can assist the Department of Higher Education and Training in ensuring it has adequate financial resources to provide fee-free higher education in South Africa.

WHAT WILL PARTICIPATING IN THE STUDY INVOLVE?

You have been invited to take part in the study as you have been identified as a contributor with possible expert opinion on the subject matter of the research questions that have been developed. As such you fall under one of the following stakeholder categories.

- Students
- Educational bodies
- Government and PIC
- Private sector business

Your participation will require interviews with a semi-structured interview guide and anticipated to take at most 45 minutes. The interviews will be conducted through the following forms:

- Face to face
- Skype
- Telephonic

This mode of interview is determined by the participant's locations and availability.

Given the sensitive nature of the topic specifically to students who come from impoverished backgrounds, the questions will be structured in a manner that will try not to provoke feelings or emotions that will make the participants uncomfortable or leave them in a worse-off emotional state.

The participants will have the right to stop the interview or not answer a question if they are of the belief that such a question will provoke the above-mentioned.

Confidentiality and anonymity of all participants will be maintained when results of the research are discussed in the report.

WHAT ARE THE PARTICIPANT'S RIGHTS?

- Participation in the study will be voluntary with participants free to decline to participate or withdraw from the research at any practicable time, without experiencing any disadvantage.
- Participants will have the right to access information about them collected as part of the study.
- Provision will be made for the privacy and confidentiality of participants.

WHO DO PARTICIPANTS CONTACT FOR MORE INFORMATION OR IF THEY HAVE CONCERNS?

If you have any questions, concerns or complaints about the study at any stage, you can contact:

Professor Anthony Stacey, Head of MBA Research
Telephone number: 0117173587
Email: Anthony.Stacey@wits.ac.za

CONSENT FORM

Declaration by participant:
I hereby consent to take part in this study.

Participant's name: ____________________

Signature: ____________________ Date: ____________________

Declaration by research:

I have given a verbal explanation of the research project to the participant, and have answered the participant's questions about it.

I believe that the participant understands the study and has given informed consent to participate.

Researcher's name: ____________________

Signature: ____________________ Date: ____________________

Structured questions

1. Quadrant of the interviewee

Categories	X
Students	
Educational bodies and experts	
Government and PIC	
Private sector business	

2. Please tell me about your background and experience?

3. Do you believe that the state of higher education in a country plays a role in the country's economic development and success? Please explain

4. In your view, do you believe the inequalities in South Africa can be improved by improving the access, especially of the black or historically disadvantaged communities to tertiary education?

5. Do you believe improved access to higher education can allow South Africa to reprioritise its social spending and relieve the social security net? Please explain.

6. What is your understanding of the fee-free education funding model that was adopted in South Africa in the beginning of 2018 calendar year?

7. Does the government have adequate resources to fund all eligible university students?

8. What are the risks associated with sustainability of government's funding of fee-free education?

9. In your knowledge, has government interacted with the private sector on alternative methods to collectively assist in higher education funding?

   Do you know of any similar working model where government has worked with the private sector to fund higher education?

10. Do you believe that private companies especially those that are listed in JSE have a role to play in funding of higher education in South Africa? Why?

    What role should they play in your opinion?

11. Let's assume that PPP would be the ideal funding model. With this in mind, which three of the following factors do you believe should shape the public private partnership funding model for tertiary students in South Africa?

Factor	**Yes or No**	**Reason**
Alignment of interest		
Stakeholder engagement		
Well documented process		
Separation of duties based on strengths and weaknesses of the parties in the partnership		
Public engagement		

12. What in your opinion is an appropriate public private partnership funding model for tertiary students in South Africa?

13. How should this public private partnership fund be managed for Total Societal Impact?

14. Do you believe that there is a correlation between higher education and economic success? Elaborate.

15. Is there anything else you want to add on the topic under discussions?