

## CHAPTER 1

# BACKGROUND AND OVERVIEW OF THE STUDY

### 1.1 INTRODUCTION

South Africa is facing many new challenges in the higher education sector, including more recently the transformation of Technikons into Universities of Technology as well as the mergers of higher education institutions. The main driving force behind recent changes has been to achieve a uniform national standard of qualifications. According to Whyte (2001:27), higher education all over the world is undergoing considerable changes, such as the forming of partnerships, focusing on the global market and an increase in competition.

The challenges presented by the restructuring of higher education in South Africa through the National Plan for Higher Education and the implementation of the National Qualifications Framework will create new opportunities but also threats for higher education institutions. Higher education institutions will have to be creative and innovative over the next five years to meet these challenges. The National Qualifications Framework endeavours to provide learners with mobility and easier access to education and training. Competition will be intense and higher education institutions will have to market themselves effectively. Higher education institutions not only face competition from other public education providers, but also competition from private education service providers, of which there have been a noticeable increase over the last few years.

The decrease in government funding for higher education institutions, increase in marketing costs and non-payment of student fees, force higher education institutions in South Africa and globally to find alternative sources of funding.

Higher education institutions never exist in isolation. Therefore, the communication of the image it projects to the target market is of crucial importance, because a higher

education institution is dependent on its environment for the supply of students and funds. In their choice of institution, students are strongly influenced by the image that the specific institution projects (Coetzee & Liebenberg, 2004). In this regard, potential students pay special attention to the fields of study and funding possibilities at the higher education institution they consider enrolling at.

In a restricted financial environment, higher education institutions will have to assess and re-assess marketing strategies aimed at attracting quality first year students. According to Goff, Patino and Jackson (2004:795), an increase in advertisements, promotions and other marketing elements are evident, and to effectively communicate with potential students, it is important to know how to reach them and what to say to them. A proper assessment of the choice factors students consider when selecting a higher education institution, as well as the sources of information they make use of, will enable institutions to allocate funds, time and resources more efficiently and effectively.

Considering all the challenges that higher education institutions are faced with, it is evident that institutions will have to become more marketing-oriented. According to Rindfleish (2003:147), this forces higher education institutions to increasingly focus on marketing techniques used by profit organisations. According to Paulsen (1990:55) as well as Hoyt and Brown (2003:4), higher education institutions, in order to remain competitive, will have to use a marketing framework consisting of the following: (1) establish its image or market position; (2) identify competition; (3) determine the needs of the various market segments; and (4) develop a marketing plan for promoting their educational services. One of the key issues to the successful development of a marketing strategy is to determine which factors students consider when they have to make a decision on which institution to attend.

Previous research conducted both nationally and internationally provides insight into the above-mentioned challenges, objectives and problems. Research done internationally (Tjeldvoll & Holtet, 2003; Valiulis, 2003 and Mayhew, Deer & Dua, 2004) explored the impact and problems of changes in the environment of higher education institutions. Various researchers (Palacio, Meneses & Perez, 2002; Arpan, Raney & Zivnuska, 2003 and Pabich, 2003) emphasise the importance of the image of a higher

education institution to attract students to select a higher education institution. Many studies have been done internationally on choice factors considered by students in selecting a higher education institution (Espinoza, Bradshaw & Hausman, 2002; Hoyt & Brown, 2003; Gray & Daugherty, 2004 and Punnarach, 2004). Local studies addressing aspects of higher education marketing include: the image of universities (De Wet, 1983 and Kruger, 1994), market positioning (Van Biljon, 1992), marketing strategies (Diederichs, 1987), corporate image (Roux, 1994), corporate reputation (Coetzee & Liebenberg, 2004) and marketing communication strategies (Jones, 2002). Despite these works, little is known about the choice factors considered by local students when they select a higher education institution. The changing environment of higher education in South Africa and the lack of recent, scientific studies in this field served as an impetus for this study.

Hoyt and Brown (2002:7-11) further state that it is increasingly evident that choice factors used by students will continue to be a critical component in understanding the student market. The lack of recent local studies on choice factors emphasise the need for a study in this field in a South African context.

Literature emphasises the need for higher education institutions to identify the choice factors and various information sources used by students, in order to understand their market better. The overall goal of this study is therefore to investigate the relative importance of choice factors, as well as the usefulness of information sources considered by Economic and Management Sciences students at higher education institutions in South Africa, when they decided to enrol. Thus, the study's primary research objectives are to:

- Determine the relative importance of each of the twenty-three choice factors that first year Economic and Management Sciences students use to select a higher education institution;
- Investigate the usefulness of the sources of information considered by first year Economic and Management Sciences students in the selection process as perceived by ethnic groups, gender groups and academic institutions attended;

- Determine whether students from different ethnic backgrounds differ regarding the importance they attach to choice factors when selecting a higher education institution;
- Determine whether students with different home languages differ regarding the importance they attach to choice factors when selecting a higher education institution;
- Determine whether there are gender differences regarding the importance students attach to choice factors when selecting a higher education institution;
- Determine whether students from different higher education institutions differ regarding the importance they attach to choice factors when selecting a higher education institution;
- Determine if students that live seventy kilometres or further from a higher education institution make more use of campus visits or open days as a source of information than students living close-by;
- Determine if students that are resident in the province in which the higher education institution is located make more use of word-of-mouth as a source of information; and
- Determine if students with an average of seventy percent or more in Grade 12 make more use of higher education institutions' websites than students with a lower average in Grade 12.

The remainder of the study will be structured as follows: firstly, the literature review on marketing of higher education institutions, services marketing for non-profit organisations and consumer behaviour in a service environment will be addressed. Next the hypotheses will be explained. The importance of the study as well as the research method and procedure to be used in the study will follow. Finally, the findings of the study, a budget and project timeline as well as a list of references will be presented.

## **1.2 LITERATURE REVIEW**

Section 1.2.1 of the literature review will focus on previous research and literature on the changing environment of higher education institutions. These changes in the higher

education landscape and previous research will act as background information and reasoning for this study. Sections 1.2.2 and 1.2.3 will be a discussion of services marketing for non-profit organisations, as education can be classified as a service and higher education institutions as non-profit organisations. The consumer decision-making process with specific focus on the choice factors students consider when selecting a specific institution to enrol at will also be highlighted in Section 1.2.4, as this forms the theoretical backbone of the study.

### **1.2.1 MARKETING OF HIGHER EDUCATION INSTITUTIONS**

Previous research points out that there are numerous pressures and changes in the higher education landscape, such as the decrease in government funding and striving to attract quality students and mergers (Whyte, 2001; Espinoza *et al.*, 2002; Haigh, 2002; Mok, 2003; Mouwen, 2002; Rindfleish, 2003). The afore-mentioned authors agree that in response to these challenges, higher education institutions will have to understand and influence the higher education institution choice process among prospective students in order to remain competitive. Efforts will have to include more targeted advertisements and promotional material, as well as general efforts to position the institution with respect to competitors in the mind of prospective students and their parents. According to Abaya (2004:3), marketing a higher education institution is paradoxically simple and complex at the same time. Part of it is that business success is measured fundamentally in revenues and profits. In contrast, institutions of higher learning exist primarily to provide students (customers) with a one of a kind education and an enjoyable campus experience. Higher education institutions compete for students and staff, but also for funding. This implies that they need to be seen and heard by those audiences (students, staff and government). The need to market their (brand) image and establish a unique difference showcases their strength and gives students a reason to choose an institution.

Since higher education institutions operate in a service environment, they need to understand the unique aspects of services marketing in order to accomplish the above-mentioned.

## 1.2.2 NON-PROFIT ORGANISATIONS

Non-profit organisations attempt to achieve some other objective than profit. This does not mean that they are uninterested in income, as they have to generate cash to survive. However, their primary goal is non-economic, and for higher education institutions, that is to provide quality education.

Marketing is of growing importance to non-profit organisations because of the need to generate funds in an increasing competitive arena. Even higher education institutions that rely on government funding must show how their work is of benefit to society and must meet the needs of their customers.

Lovelock and Wright (2002:233) identify several characteristics of non-profit marketing, which will be briefly discussed below.

- **Education versus meeting current needs**  
Non-profit organisations see their role not only as meeting customer needs, but also as educating them on new ideas, cultural development and social welfare. This approach also adds additional value to services such as education.
- **Multiple public**  
Most non-profit organisations serve several groups or publics. The two broad groups are donors, who may be individuals, trusts, companies or governmental bodies. The second group is their clients, such as students, parents, government or employers. They need to satisfy both groups and this complicates the marketing task.
- **Public scrutiny**  
While all organisations are subject to public scrutiny, public sector non-profit organisations are never far from public attention, the reason being that they are using government funds obtained mainly from taxes. This gives them extra newsworthiness, as all taxpayers are interested in how their money is spent. Higher

education institutions have to be particularly careful that they do not become involved in controversy, which can result in bad publicity.

- Measurement of success and conflicting objectives

For-profit organisations' success is measured ultimately in profitability. For non-profit organisations, measuring success is not so easy. Higher education institutions' success can be measured in terms of research output, number of students taught, student pass rate, range of qualifications of staff and even the quality of teaching. The combination of these factors makes the measurement of success difficult and can lead to conflict. For example, more students and larger classes may reduce time needed for research by staff to deliver the required research outputs. Decision-making is therefore more complex in higher education institution organisations.

- Marketing procedures for non-profit organisations

Despite all these differences, the marketing procedures relevant to profit organisations can also be applied to non-profit organisations such as education.

For the purpose of this study, non-profit organisations can be viewed as institutions that operate in the public interest or that foster a cause.

### **1.2.3 SERVICES MARKETING AND NON-PROFIT ORGANISATIONS**

Education is classified as a service. Services can be defined in various ways. According to Kotler and Armstrong (2001:223), a service can be a place, idea, person or activity, with benefits or satisfaction that are offered for sale that is essentially intangible and does not result in the ownership of anything. Other authors (Baron & Harris, 1995; Lovelock & Wright, 1999; McColl-Kennedy, 2003) view services as acts, performances and experiences that create benefits for customers. Based on the above-mentioned definitions, higher education institutions can be classified as 'places' with benefits or satisfaction that offer services for sale.

In a review of the service industry, Nicholls, Harris, Morgan, Clarke and Sims (1995:31-38) point out that it is generally accepted that the marketing of services is different from the marketing of physical goods due to their unique characteristics. According to McColl-Kennedy (2003:9), services have unique characteristics that differentiate them from other products. Because education can be classified as a service, the following characteristics can be applied to education:

- Intangibility: The intangibility makes it difficult for potential customers to assess the quality of the service, except by looking at the tangible elements such as fees or campus facilities.
- Heterogeneity: The people involved, providers (academic staff) and customers (students) are all different and therefore homogeneity cannot be achieved.
- Perishability: The process of education is perishable, because it is consumed partially at the point of delivery and could result in a missed opportunity.
- Inseparability: This is particularly the case in education, where a service cannot be separated from its consumption.

Because of these unique characteristics of service institutions, higher education institutions face special challenges. To overcome these challenges and to be more marketing-oriented, institutions need a better understanding of the environment and market in which they operate.

Andreasen and Kotler (2003:31) state that the decrease in support from traditional sources, such as government, has emphasised the importance for non-profit organisations to apply marketing principles by making use of a proper philosophy of marketing, systematic approach to solving marketing problems, and awareness and ability to use the very latest concepts and techniques from the private sector.

The most important marketing issue for non-profit educational institutions is to become truly marketing-oriented. This involves fostering a greater degree of collaboration between internal departments, monitoring competitors and developing a focus on a wide range of institutional publics (Sargeant, 2005:325). As higher education institutions have a wide range of institutional publics, institutions must understand how



and when decisions are taken by students, parents and other public groups, if they want to market effectively. This study is therefore undertaken to assist higher education institutions in understanding their market better as well as to employ marketing action more effectively.

### **1.2.3.1 Marketing strategy for service and non-profit organisations**

Higher education institutions need to understand the development of marketing strategies by using the tools of marketing referred to as the marketing mix or the 4 Ps (price, product, place, promotion). For higher education, which is classified as a service, 7 Ps have been identified: service product, price, place, promotion, people, process and physical evidence. The results of this study will provide insight into the communication media to be used as a form of promotion for higher education institutions, as the usefulness of the sources of information used by students are investigated.

Institutions market themselves by designing their offerings in terms of the target markets' needs and desires. Institutions furthermore inform, motivate and service their market by using effective pricing, communication and distribution (Kotler and Armstrong, 2001:18). Early research from Chapman (1981) repeated by other authors found that higher education institutions make use of various means to market their services, such as word-of-mouth, webpages, open days, brochures, alumni networks and advertisements in newspapers, radio and television (Chapman, 1981; Seymour, 2000; Bradshaw, Espinoza & Hausman, 2001; and Arpan *et al.*, 2003). With the increased pressure of funding, mergers and competition, it is important for institutions to communicate positive images to prospective students. Hoyt and Brown (2003:4) found websites as the most important source of information for students, while research by Seymour (2000:11) identified campus visits as the most influential sources of information for prospective students. The least influential sources of information are advertisements in magazines, newspapers, radio or television. Local studies by Jones (2002) found word-of-mouth from friends as the most important source of information while Coetzee and Liebenberg (2004) identified open days and websites as the most important sources of information considered by students.

According to Melewar and Akel (2005:41), Bodoh and Mighall (2002), Jarzabkowski and Wilson (2002), and Abaya (2004), in a market where students are recognised as customers, the following actions are important:

- Higher education institutions have to implement strategies to maintain and enhance their competitiveness;
- Higher education institutions need to develop competitive advantages based on a set of unique characteristics;
- Higher education institutions need to communicate these characteristics in an effective and consistent way to all relevant stakeholders; and
- Higher education institutions must ensure that they reach the student market by supplying information on their institution in the sources that students indicated they make use of.

In the light of the above-mentioned, this study will investigate the usefulness of the information sources students consider in their selection process, as well as the relative importance of choice factors they make use of, in order to provide guidelines to South African higher education institutions to implement strategies to maintain and enhance their competitiveness, develop a competitive advantage and reach the student market.

In order to develop effective marketing strategies to be competitive and reach the student market, higher education institutions must know how they are perceived by their clients (students). The next section will focus on the image of service organisations (higher education institutions).

### **1.2.3.2 Image and higher education institutions**

According to Lamb, Hair, McDaniel, Boshoff and Terblanche (2004:198), dedicated creative work over long periods of time with the use of all available marketing communication media and tools, is a prerequisite for developing a strong image for a brand or firm.

Changes in higher education in early 2003 in South Africa by the then minister of Education, Kader Asmal, provided the ideal opportunity for higher education institutions to recognise and develop themselves as well as necessitated the creation of a clear, distinctive image (Shepherd, 2005:8).

Image has been defined in numerous ways: the mental representation of a real object (Palacio *et al.*, 2002:50), association based on an organisation name (Gatewood, Gowan & Lautenschlager, 1993:420), and the summary of basic attitudes towards an organisation or a set of expectations (Lamb *et al.*, 2004:). Numerous studies have examined corporate image, but few have examined the image of non-profit organisations such as higher education institutions.

According to Boyle (1996:58), brand image has a considerable influence on consumer behaviour and states that an institution's image is used for attracting its internal and external publics, i.e. present and potential students (Gatewood, Gowan & Lautenschlager 1993:433; Boyle, 1996:57; Collins & Stevens, 1999; and James, Baldwin & Mcinnis, 1999) and funding (Landrum, Turrisi & Harless, 1998:53-68). According to Barich and Kotler (1991:24), image also influences sales and brand loyalty and therefore seems to be of great importance for profit as well as non-profit companies like higher education institutions (Parameswaran & Glowacka, 1995:19).

Clark and Hossler (1990:68) state that institutions can position themselves in a variety of ways, for example: "low-cost university", "elite college" or "church related schools" in the educational market place. Pabich (2003:519) states that higher education institutions often creates the image of "business universities with job opportunities" or focusing on heritage (Bulotaite, 2003) as well as prestige (McPherson & Schapiro, 1998).

According to Tjeldvoll and Holtet (2003:27), higher education institutions that know how they are perceived by their students can clearly communicate their position and create a unique image by means of the right marketing communication.

Higher education institutions can only know how students perceive their institution and satisfy the needs of their target market if they understand the behaviour of their market. It is therefore imperative that higher education institutions understand their consumers' behaviour.

#### **1.2.4 CONSUMER BEHAVIOUR IN A SERVICE ENVIRONMENT**

One of the important areas in the study of consumer behaviour is the consumer decision-making process. The study of the consumer's decision-making process involves the analysis of how people choose between two or more alternative acquisitions, the behaviour that takes place before and after the choice as well as the buying patterns that emerge as a result of this process.

Espinoza *et al.* (2002:20) state that in response to the pressures of the changing environment of higher education institutions, there have been expanded efforts by higher education institutions to understand and influence the decision-making process among prospective students. In order to understand and influence the decision-making process of students, the five steps in the consumer decision-making process will now be shortly explained. An in-depth discussion will follow in Chapter four.

##### **1.2.4.1 Steps in the consumer decision-making process**

Hawkins, Best and Coney (2001:127) identify five stages in the decision-making process: problem recognition, search, alternative evaluation, choice and post-acquisition evaluation.

According to Berman and Evans (2001:233), the initial stage in any decision-making process is need/problem recognition. The individual senses the difference between what he/she perceives to be the ideal state of affairs (the condition the consumer would like to be in) compared with the actual state of affairs (the condition the consumer perceives himself to be in), lifestyle and current situation. It can be thus be assumed that a potential student senses a difference between the ideal state of affairs (being educated), compared with his actual state (being uneducated).

After identifying a problem of sufficient magnitude to propel the students into action, the search process is activated to acquire information about products or services that may eliminate the problem. Thus, after a potential student sensed a need for education (service), he/she would start to look for information. This study will investigate the usefulness of each identified source for students when they search for information on higher education institutions.

Step three in the decision-making process entails the evaluation of available alternatives. During and after the time that students gather information about various alternative solutions to a recognised problem (thus the different higher education institutions available), they evaluate the alternatives and select the source of action that seems most likely to solve the problem. Evaluative criteria are used to compare the different alternatives. The number, type and importance of evaluative criteria used differ from customer to customer and across service product categories. Therefore, this study will attempt to identify these factors and their relative importance for students. According to Hawkins *et al.* (2001:568), evaluative criteria can be described as those features or characteristics that consumers are looking for when buying a specific product or service. This study will also investigate the factors and relative importance of the factors that students made use of when they selected their higher education institution.

The fourth step is reached as the consumer (student) moves through problem recognition, information search and alternative evaluation, and then the outlet selection and purchase or non-purchase that follows. The consumer finally reaches the point at which the actual purchase is made. This means a potential student has chosen an outlet (institution) to buy his/her service (education) from and paid the fees (price).

The final step in the decision-making process, namely the post-purchase phase, consists of four components: post-purchase dissonance, service product use, service product disposition and purchase evaluation.

Researchers (Hossler & Gallagher, 1987 and Braxton, 1990) have devoted considerable attention to the issue of selecting a higher education institution. Ballinger (2005:37) states that the decision-making process should be an educational

experience for students. Building on the work of others, Hossler and Gallagher (1987) created a three-stage model to describe the college decision-making process. These stages include a predisposition stage, a search stage and a choice stage. In the predisposition stage, students determine whether they will continue their formal education. In the search stage, students consider the various higher education institutions available. Students enter a choice stage when they submit their application to a selected set of institutions. This study will focus on the search stage and choice stage of the decision-making process and will investigate usefulness of information sources, as well as the relative importance of the factors they consider during their search and choice stage. Information provided by this study could aid higher education institutions in supplying appropriate information using relevant sources to influence students from the search stage to choosing their institution.

As this study focuses on the search and choice stage of the decision-making process, various choice factors used by students will now be highlighted.

#### **1.2.4.2 Choice factors students consider in the selection process**

A review of previous international studies revealed a variety of potential choice factors considered by students when selecting a higher education institution. Van Dimitrios (1980:207) identified media, institutional accessibility, academic programmes and non-academic programmes as the main choice factors. Bajsh and Hoyt (2001:3-5) and Bradshaw *et al.* (2001:15-22) identified five main factors considered by students when selecting a higher education institution. These include:

- Quality and responsiveness of personnel (helpfulness and accessibility);
- Research activities;
- Social opportunities (athletic programmes and social life);
- Economic considerations (location of campus and work opportunities); and
- Size of the institution.

Espinoza *et al.* (2002:23) identified campus safety and flexibility in course offering times as additional factors to those identified in previous literature (Basjh & Hoyt, 2001

and Bradshaw *et al.*, 2001). Arpan *et al.* (2003:100) identified three main factors: academic rating, athletic rating and news coverage. Canadian Universities (2000) make use of six criteria to assist students on the Internet in selecting a Canadian university: programme reputation, social reputation, friends, entry requirements, educational programmes and extra-curricular activities. Punnarach (2004:55) adds the famousness of the university, public relations and stability as additional choice factors.

According to Hoyt and Brown (2003:3), institutions may develop their own in-house survey or use one of the standardised instruments such as the Admitted Student Questionnaire (ASQ) or Cooperative Institutional Research Programme Freshmen Survey (CIRP) to gain insight into the student market. Although literature provides an understanding of the marketing framework of the choice factors institutions usually consider, only a limited number of choice factors are usually investigated when surveying students. Hoyt and Brown (2003) found twenty-seven studies with less than ten choice factors and compared them to studies with more than twenty choice factors (Absher & Crawford, 1996; Maryland Commission, 1996 and Jonas & Popovics, 1990). The ASQ details thirteen factors on college choice characteristics with the possibility of adding other individualised factors. Hoyt and Brown (2003) made use of twenty-two previous studies to identify the most important choice factors, namely academic reputation, location, quality of instruction, availability of programmes, quality of the faculty, cost, reputable programmes, financial aid and job outcomes. The next twelve most important factors across the twenty-two studies were: variety of courses offered, size of the institution, surrounding community, availability of graduate programmes, student employment opportunities, quality of social life, class size, admission to graduate school, extracurricular programs, friendly/personal service, affiliation (with another reputable institution), admission requirements and attractiveness of campus facilities.

Hoyt and Brown (2003:6) found significant differences between gender and the importance these groups attached to some of the choice factors such as campus safety. Campus safety was more important to female students than to their male counterparts. The authors found no significant differences in the importance of the choice factors and different income groups or the geographical area students came from. In addition to identifying important choice factors from a review of literature, their

study found flexibility in course offering times and delivery methods (night, weekend, Internet). Hoyt and Brown's study also confirms several studies cited in literature that list academic reputation, quality of faculty and instruction, location, cost, scholarship offers, financial aid and student employment opportunities as important choice factors.

A local South African study found reputation, whether the reputation of the institution or study programme, as the most important influence on the choice of an institution. The results also indicated that the provision of superior sporting facilities have a greater influence on choice than scholarships, paternal study, fees or friends' recommendation (Cosser & Du Toit, 2002:95).

This study is to investigate the relative importance of a comprehensive set of choice factors for South African students, as a more comprehensive set of factors could result in improved predication of student institution choice and a more accurate picture of those institutional characteristics students believe are important in the selection process of a higher education institution.

The aforementioned discussion forms the basis of the hypotheses that will be discussed in the next section.

### **1.3 HYPOTHESES**

Based on the afore-mentioned discussion, it is hypothesised that:

- H<sub>1</sub> Students from different ethnic backgrounds differ regarding the importance they attach to choice factors.
- H<sub>2</sub> Students speaking different home languages differ regarding the importance they attach to choice factors.
- H<sub>3</sub> Male and female students differ regarding the importance they attach to choice factors.



- H<sub>4</sub> Students from different academic institutions differ regarding the importance they attach to choice factors.
- H<sub>5</sub> Students that live seventy kilometres or further from the higher education institution attach more value to campus visits or open days as a source of information than students living close-by.
- H<sub>6</sub> Students that are residents in the province in which the chosen higher education institution is located, value word-of-mouth (friends and other people) more as a source of information than students from other provinces.
- H<sub>7</sub> Students with a Grade 12 average of seventy percent or more rely significantly more on higher education institutions' websites as a source of information than students with a lower Grade 12 average.

#### **1.4 IMPORTANCE / BENEFITS OF THE STUDY**

The marketing of higher education institutions has lately attracted the attention of both marketing scholars and university managers. This is evident from the special conference on higher education marketing held in Cyprus in early 2006, as well as the existence of a Special Interest Group (SIG) internationally for higher education marketing. The SIG for marketing of higher education is one of seventeen SIG's that fall under the auspices of the Academy of Marketing, based in the United Kingdom.

This research will give education marketers an indication of the relative importance of the choice factors used by students to select a higher education institution. This information will enable higher education institutions to use their limited funds more efficiently to attract quality students. Higher education institutions can use the results of this research to plan their marketing communication strategies effectively by using their knowledge of students' selection processes to position themselves and to gain a competitive advantage. The study will also investigate the sources of information usefulness in the selection process. Marketing officers can use this information to make marketing communication strategies more market-oriented, reinforce their image

and reach students more effectively through the identified sources of information. Students can also benefit, as marketing communication strategies can be directed to them, making use of the identified sources of information that they see as useful and important. The marketing communication message will be student focused and students will be able to make more informed decisions about the higher education institution they wish to attend. Information obtained from this study will also contribute to the available research and literature in the field of services marketing, marketing of non-profit organisations and outlet selection as part of the consumer decision-making process. Findings from this study can furthermore be used to do comparison studies with other international institutions. Lastly, the findings of this study could be used by other researchers as a basis for future research on the multi-cultural student market in South Africa.

## **1.5 METHODOLOGY**

The elements of research design (Cooper & Schindler, 2003:146-151), will now be briefly discussed and applied to the study at hand.

In this study, a formal research design was used to test the stated hypotheses. Because the researcher has no control over the variables in the sense of being able to manipulate them, and only reported on what was happening, this can be classified as an ex post facto design. This design has a descriptive focus, as the purpose was to find out which choice factors students use and where (sources) they look for information. A cross-sectional study was carried out and this represents a snapshot of one point in time. Due to the fact that this study attempted to capture the population's characteristics by making inferences from a sample's characteristics and hypotheses were tested, thus focusing on the breadth rather than depth of the study, it could be classified as a statistical study. Research was conducted under field conditions, as students were interviewed in their lecture rooms at the higher education institutions they are attending. Participants (students) were fully aware of the research activity, as this will not influence the results. They have nothing to lose or gain from manipulating their answers. This study is descriptive in nature as the purpose is to describe a problem or opportunity. The study provides a description of the demographic

information of first year Economic and Management Sciences students in terms of age, gender, language and ethnic group. The study also attempts to describe the behaviour of students in terms of the importance and usefulness of factors and sources considered in the selection of a higher education institution.

## **1.5.1 SAMPLING**

### **1.5.1.1 Target population**

A population can be described as the entire compilation of elements that the researcher aspire to draw conclusions from (Cooper & Schindler, 2003:179). The target population for this study are first year Economic and Management Sciences students (arbitrarily chosen) from six higher education institutions who agreed to participate, namely: the University of Pretoria, Tshwane University of Technology, University of Johannesburg, University of the Free State, University of Kwa-Zulu Natal and the University of North-West.

### **1.5.1.2 Sampling method**

Non-probability sampling was chosen, since the characteristics of this method have particular appeal due to financial and time restraints. It was extremely difficult to obtain a complete, up-to-date list of first year Economic and Management Sciences students from six higher education institutions to use as sample frames that are needed for probability sampling methods. According to McDaniel and Gates (2001:336), non-probability samples can produce samples of the population that are reasonably representative. A major implication of this type of sampling is that a statistical evaluation of the sampling error cannot be undertaken (Tustin, Ligthelm, Martins & Van Wyk, 2005:344). Measurement errors, which are usually associated with non-probability sampling, were prevented in the following ways: questionnaire design errors will be prevented by following the guidelines for constructing a questionnaire and by using focus groups and a pilot study to test the questionnaire. Cross-checking, computer checks and pre-coding were used to avoid coding and data capturing errors. Respondents' errors were addressed by making sure it is not a lengthy questionnaire and ego/humility questions such as income will be minimised. Interviewer errors were

limited by making use of a structured questionnaire. Non-response errors can also affect the results and therefore students completed the questionnaire during class time while their lecturer was present. This helped to increase the response rate and to ensure the right elements were included in the sample.

According to Cooper and Schindler (2003:200) and Shao (1999:38), non-probability sampling is more cost-effective, faster, and effective if there is little variance among the population element. Hair, Bush and Ortinau (2000:354) define convenience sampling as a study in which respondent participation is voluntary or which leaves the selection of sampling units primarily up to the interviewer. Thus, convenience sampling was used in this study as the sample members (first year Economic and Management Sciences students) were chosen on the basis of being available or accessible during normal class times.

### **1.5.1.3 Sample size**

The sample size is determined by both statistical and practical considerations (Jarboe, 1999:38). Tustin *et al.* (2005:361) state that statistical calculations of sample sizes can only be done for probability sampling methods, as there is no statistical formula for prior calculation of the size of a non-probability sample. This study therefore concentrated on practical concerns such as resources in terms of money, time and personnel impact on the size of the sample. Keeping the latter in mind and to limit the non-response error associated with non-probability sampling, as well as to ensure that group comparisons could be made, 250 questionnaires were distributed to first year Economic and Management Sciences students from each of the higher education institutions, therefore aiming for a sample size of 1500 students.

### **1.5.2 DATA COLLECTION**

Data was collected by means of a quantitative study. The initial questionnaire was pre-tested with a convenience sample of 20 first year students. According to Tustin *et al.* (2005:240), a pre-test is used for the traditional assessment of validity and comprehension of a questionnaire. Data for the study was collected during a three

month period from February to April, during lecture times of the six identified higher education institutions. No incentives were provided for respondents to complete the questionnaire. To avoid the potential bias owing to the use of non-probability sampling, the questionnaire was administered at six different higher education institutions, at different times and classes by different lecturers (fieldworkers).

Tustin *et al.* (2005:184) define a self-administrated questionnaire as a traditional paper questionnaire used for surveys. Self-administrated surveys allow respondents to complete the questionnaires themselves. Data collection through such written communication requires respondents to record their response to the research questions in writing. The sample size was determined by the number of students who voluntarily complete the questionnaire. A standardised instrument, the Admitted Student Questionnaire, which makes provision for the possibility of entering other individualised choice factors, was used. Using a standard measuring instrument that is used by numerous higher education institutions ensures internal validity and content validity. Validity refers to the extent to which a particular measure is free from systematic and random errors (Diamantopoulos & Schlegelmilch, 2000:33).

The chosen questionnaire is also appropriate to the research problem and purpose. The questionnaire makes use of categories that best partition the data for hypothesis testing and showing relationships. The questionnaire was pre-tested and initial focus groups were used to eliminate the number of “other” responses. Pre-testing checked that a specific answer can only fit into one cell of a category set, thus be mutually exclusive. The questionnaire made use of multiple choice questions for classification information and mainly Likert scales to determine the importance of different choice factors and information sources. Preventative measures were taken to minimise the problems usually associated with self-administrated questionnaires. Due to the high non-response associated with self-administrated questionnaires, lecturers were in class to assist and motivate students to complete the questionnaires to ensure a higher response rate. There was control over who complete the questionnaires, as lecturers acted as fieldworkers. Because no mailing is involved, no up-to-date mailing list is needed and results were faster, as questionnaires were handed in directly after completion in class. The survey was less impersonal because lecturers were present to explain the research procedure and to provide assistance in case of any problems.

This method of data collection was used because it is fast, cheap, convenient, easy to process and the response rate higher. Incentives for completing the questionnaire was not provided as it is prohibited by the Research Ethics committee of the University of Pretoria.

### **1.5.3 DATA ANALYSIS**

In this study, an MS Excel spreadsheet was used to transfer the codes from the questionnaires onto the computer and the SAS software programme was used to analyse the data.

The purpose of data cleaning is to identify omissions, ambiguities and errors in the responses (Diamantopoulos & Schlegelmilch, 2000:40). This could be prevented by not asking ambiguous questions and by pre-testing the questionnaire. Non-responses can be defined as missing values and questionnaires with high amounts of missing data were disregarded. Tustin *et al.* (2005:471) state that researchers have to attempt to clear the dataset of possible coding and data capturing errors. Data cleaning was done by making use of wild-code checks - codes that are not defined for particular variable, and extreme-case checks - responses to a variable that is far from ordinary. This study aimed to avoid mistakes during and immediately after the collection of data.

According to Shao (1999:76), editing consists of checking completed questionnaires or other data collection forms for omission, incomplete or otherwise unusable responses, illegibility and obvious inconsistencies. The researcher conducted field editing to check that the majority of questions are completed and that the handwriting of the respondents is legible. Central editing took place as questionnaires were checked when capturing the data to ensure that the information is correct, consistent with other information and complete. Emory and Cooper (1991:450) state that incomplete questionnaires will negatively affect the validity of the information collected and therefore incomplete or unusable questionnaires were eliminated.

Coding is the assignment of numerals or other symbols to answers that enables the responses to be grouped into a limited number of classes or categories (Cooper & Schindler, 2003:456). Perreault and McCarthy (1996:114) point out that coding is the

establishing of meaningful categories for responses collected by means of surveys or other data collection forms, so that the responses can be grouped into usable classifications. Codes can be assigned before or after a research study is completed. Jarboe (1999:78) defines pre-coding as the assignment of codes to the different responses on the questionnaire before the questionnaires are distributed. In this study, pre-coding was used as mainly closed-ended questions, multiple choice questions and scaled questions were be used, for which answers can be anticipated from the questionnaire. Pre-coding made the completion of data sheets unnecessary, since the data was accessible directly from the questionnaire, saving time and money and decreasing the chances of coding errors.

Zikmund and D'Amico (2001:142) define analysis as the statistical and qualitative considerations of data gathered by research. In this study, the analysis of the data are reported in Chapter 7 by making use of tables, figures, descriptive statistics, multivariate statistical techniques, cross-tabulations, chi-square tests and Cronbach alpha testing.

The results are presented using descriptive statistics by ways of frequency of occurrence and the measure of location – mean (average of the distribution of responses).

Data from this study can be classified as ordinal data (age), nominal data (gender, ethnic group and language) as well as interval data (sources of information and choice factors). Cooper and Schindler (2003:530) state the following assumptions for parametric tests, with data that is derived from interval and ratio measurements:

- The observations must be independent – selection of any one case should not affect the chances for any other case to be included in the sample;
- The observations should be drawn from a normally distributed population;
- These populations should have equal variances; and
- The measurement scales should be a least interval so that arithmetic operations can be used. In this study, Likert scales were used, which produces interval data.

Chi-square tests were used to test for significant differences between the observed distribution of data among categories and the expected distribution based on the null hypotheses.

The statistical significance between the sample distribution mean and a parameter was determined with t-tests and multiple analysis of variance (MANOVA) was used for testing the null hypotheses and to determine if the means of several populations are equal.

According to Tustin *et al.* (2005:590),  $\alpha$  is denoted as the significance level and is used to indicate the risk that the researcher is willing to take in rejecting the true null hypothesis. The significance level for this study is ( $\alpha = 0,05$ ).

## 1.6 OUTLINE OF THE STUDY

This research study is divided into seven chapters. **Chapter one** introduced the study and provided background information. The area of research has been defined as well as the necessity to execute the study flowing from the problems identified, which acted as motivation to execute the study. The objectives for the study were set.

Chapters two, three and four present the theoretical base for the study. **Chapter two** consists of a literature discussion on the higher education landscape - nationally and globally.

**Chapter three** discusses the services marketing mix for higher education institutions by highlighting the service product, distribution, price, promotion, processes, physical evidence and people strategy of higher education institutions.

A detailed discussion on the consumer decision-making process documented in marketing literature is provided in **Chapter four** and the consumer behaviour of students during the decision-making process when selecting a higher education institution are explained.



The research problem, objectives and hypotheses are explained in **Chapter five**, as well as the research methodology used in the study.

The research findings are discussed in **Chapter six** by analysing the results from the empirical phase of the study. The statistical results are provided, interpreted and discussed. The hypotheses formulated for the study will also be tested in Chapter six.

The final chapter, **Chapter seven**, summarises the major findings from the study and draws a number of conclusions. The chapter ends by indicating the limitations of the study and making recommendations for future research.

## CHAPTER 2

# THE HIGHER EDUCATION LANDSCAPE

### 2.1 INTRODUCTION

Locally and globally, the non-profit sector and higher education are undergoing a period of changes. Higher education institutions and the community they serve are not self-sufficient closed entities, but depend on each other for survival. Institutions do not exist in isolation, especially since the environment in which higher education institutions operate is unstable and turbulent. Higher education institutions as non-profit organisations will only survive and grow if they know what is happening in the environment and have the ability to adjust to the changes.

Environmental scanning can provide higher education institutions with general information in order to understand the trends and challenges they face. This general information is enriched by more specific research conducted in the market, of which this study is an example. The general information, supported by more specific research, provides institutions with insight into the overall picture. Higher education institutions can make use of this information to develop effective marketing strategies and to adjust their strategies to keep abreast of changes in the environment.

South Africa's educational landscape, as well as the global arena, has in recent times become increasingly turbulent. Competition is much stronger than before, with more institutions joining the market. Now, more than ever before, it is imperative for South African higher education institutions to understand the opportunities and threats in their environment.

The changing higher education landscape, nationally and globally, has encouraged the development of a market culture. Institutions are now in a position where they have to compete for scarce resources. To survive in this competitive environment, institutions must have an advantage, which means the education provider must provide its target

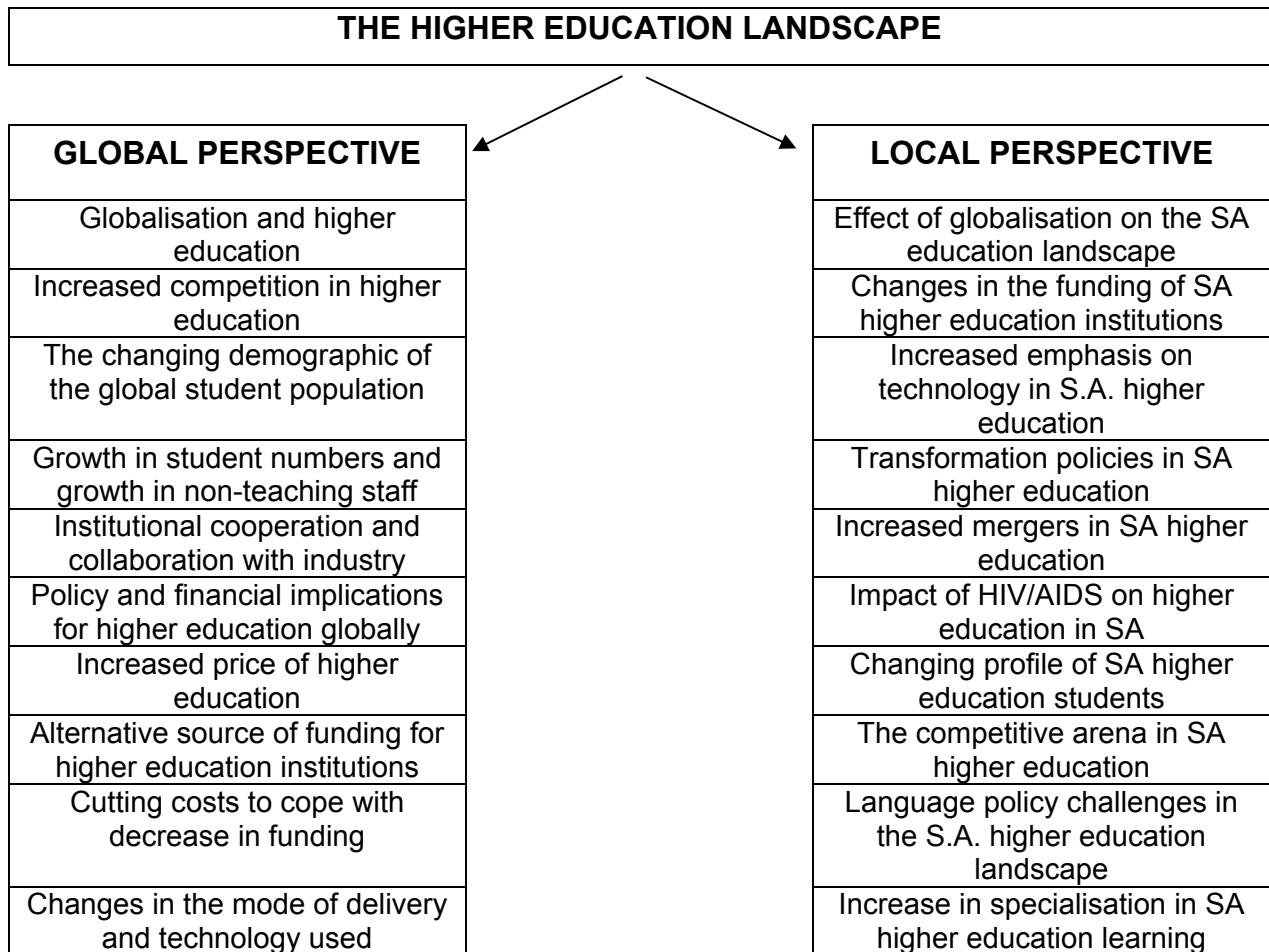
market with more value than competitors. In order to provide superior value to students, higher education institutions need to anticipate and react to students' needs. Thus, understanding students' behaviour becomes the basis for marketing strategy formulation. Students' reaction to a higher education institution's marketing strategies will determine success or failure of that institution. Espinoza *et al.* (2002:20) state that in response to the pressures of the changing environment of higher education institutions, there must be expanded efforts by higher education institutions to influence the selection process of students.

In order to understand the customer, competitor and environment, institutions must consider the internal and external influences in their business environment. This will enable institutions to select appropriate strategies to ensure a competitive advantage. One way of accomplishing the above-mentioned environmental scanning is to do a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis. Kotler and Armstrong (2003:104) define a SWOT analysis as a systematic evaluation of the organisation's internal strengths and weaknesses and external opportunities and threats. Higher education institutions can consider various factors in determining strengths and weaknesses, including variables such as the institution's location, merchandise, personnel, campus layout, management capacity, financial aspects and market share position. Strengths of higher education institutions can include customer loyalty, financial resources or the ability to produce services at a relatively low cost. Possible weaknesses may relate to high cost, lack of financing, brands that are not well known or a poor location.

Some higher education institutions will be able to deal with specific threats without major inconvenience or loss of profit, while other threats could result in business failure. However, it is important that higher education institutions identify all possible threats and consider measures to deal with each of them. Opportunities must be identified and strategies chosen to utilise the opportunities to the institution's benefit.

This chapter will focus mainly on the external business environment of higher education institutions. It will identify possible opportunities and threats by analysing and discussing the trends and factors in the higher education landscape, both globally and locally. Figure 2 will serve as a visual guide for the discussion to follow.

**Figure 2.1: The higher education landscape**



The first part of Chapter 2 (Section 2.2) will focus on the education landscape from a global perspective, as higher education institutions in South Africa (SA) compete with international higher education institutions. Local institutions can also learn from global trends, since these global trends can influence local institutions as well as manifest later in the South African higher education market. This discussion is however not an attempt to give an in-depth insight into the global arena, but to provide a very general approach to higher education globally. The discussion will focus mainly on developed countries, as these countries are the leaders in research and literature on the changing education landscape. The second part of the chapter (Section 2.3) will highlight the trends and factors impacting on higher education institutions in South Africa. The investigation of these broad global trends as well as the more local trends will provide higher education institutions with insight into the opportunities and threats in their

environment. These opportunities and threats must be addressed through their marketing mix strategies, to provide satisfaction to students. Figure 2.1 will serve as a visual guide for the rest of the chapter.

## **2.2 THE GLOBAL HIGHER EDUCATION LANDSCAPE**

According to Sargeant (2005:15), a current development in the non-profit sector is the increasing trend of globalisation. Non-profit organisations as well as their funding sides are becoming more and more global in scope. Rhodes (1999:1) states that the well-being of any nation depends upon the quality of its institutions of higher education. He suggests that if higher education institutions want to deliver quality services and survive the changing international education landscape, they must strive to be characterised by the following:

- Research studies, service programmes and study programmes must be locally rooted, but with a focus on having strong international connections;
- The new university must be academically independent but constructively partnered. No institution can survive on its own, and will have to share knowledge with others;
- The new university will have to be knowledge based, but student centred and research driven;
- Higher education institutions must become quality obsessed but efficient. Efficiency must be a major concern to institutions as well as the constant increase of costs at the traditional campus university; and
- The successful higher education institution will have to be professionally attuned, but humanly oriented.

Dennis (2005:55) is of the opinion that change will be a constant companion in the higher educational landscape in the United States, since the re-authorisation of the Higher Education Act will influence the landscape and will have financial implications for educational institutions. Internationally, higher education has to adapt to a new landscape that higher education leaders at the Symposium on Financing Higher Education (Anon, 2004a) described as “a storm with the dramatic convergence of

rising student demands, changes in the demographic character of students, ebbing state support, changes in students' expectations of the college experience and increasing costs". Attendees of the Higher Education Conference (Anon:2004c) felt that due to all these changes, it is important for institutions to rethink how students are being served, the nature and scope of institutional collaboration as well as regulatory partnerships.

In order to understand the international higher education landscape, ten important trends and factors identified in literature, are discussed below. The discussion will include global trends such as globalisation, changing demographics of the student population, policy and financial implications, increased competition, increased prices of education, growth in student numbers, institutional cooperation, alternative sources of funding, cost cutting and changes in the mode of delivery.

### **2.2.1 GLOBALISATION AND HIGHER EDUCATION**

Vidovich and Slee (2001) identify increased accountability and the focus on being more managerial and market-oriented as an important global trend in higher education. They state that higher education authorities worldwide are reviewing and revising mechanisms to enhance the accountability of higher education institutions in the new global knowledge based economy.

According to Mok (2003:118), globalisation and the evolution of the knowledge based economy have caused dramatic changes in the character and functions of higher education in most countries around the world. Apart from improving the efficiency and effectiveness of public services, higher education institutions are confronted with a situation of increased financial accountability. In response to the changes and pressure in this environment, higher education institutions are making use of decentralisation, privatisation and marketisation. Reform strategies and measures such as quality assurance, performance evaluations, financial audit, corporate management and market competitiveness must be adapted to reform and improve the performance of the higher education sector. Globally, higher education institutions will have to adopt businesslike practices to cope with the competition in the market place. Subotsky (2003:508) states that globally, higher education institutions are under pressure to

become more market-oriented and to respond to rapidly changing information technology and knowledge production.

Subotsky (2002:5110) argues that globalisation has significantly altered patterns of research, development and production of education and that this has led to the generation of new organisational forms and practices in higher education knowledge production. The result is a strong trend toward the “entrepreneurial” university that is characterised by increased market like behaviour and governance. To assist institutions to become more market-oriented and businesslike, information is needed on the markets that these institutions are serving.

The second trend that higher education institutions globally face is increased competition.

### **2.2.2 INCREASED COMPETITION IN THE GLOBAL ARENA**

As new for-profit institutions emerge in the higher education landscape, the monopoly of traditional higher education institutions might end (Rhodes, 1999:10). For-profit higher education institutions represent an alternative model that may well prosper in an era of increasing student aid and shrinking institutional support for public institutions. For-profit institutions represent an emerging competitor for students who might otherwise have attended public institutions. Colleges and universities are under pressure to expand services, since they are competing in an increasingly diverse higher education system. Institutions are competing for student enrolments and therefore emphasis is placed on providing student amenities and improving the appearance of grounds and facilities, leading to a further cost increase (Lee & Clery, 2004:24). According to Whyte (2001:27), Australian higher education institutions are at risk of competition not only from other higher education institutions, but also from the large, global, non-university sector players who regard education as a market.

Universities and colleges are spending more on institutional student aid and student marketing due to increased competition (Ehrenberg, Zhang & Levin, 2006:195). It is however important that higher education institutions spend their money wisely. This study will attempt to provide insight into aspects that are important to students in the

outlet selection process to enable institutions to spend their money more appropriately and effectively.

Higher education institutions should not only take note of the increase in competition, but also the changing demographic profile of the global student population.

### **2.2.3 CHANGING DEMOGRAPHIC OF THE GLOBAL STUDENT POPULATION**

The changing nature of the student population and their needs suggest new paradigms for higher education institutions. The Society for College and University Planning's Quarterly Environmental Scanning Report (2005) states that only 55 percent of American students who start college, complete within six years, with only 41 percent of African-American or Hispanic students completing their studies within six years. Retaining students need to be as high a priority as recruiting them, especially since successful retention assists the recruitment process. Academic preparation and continual enrolment are two factors that influence college graduation in America. Attracting qualified minority students has become more complicated, since many institutions are not reaching their admission targets. According to the 2005 Report, there are also a growing number of students who work full-time while enrolling at higher education institutions. New technology is making higher education more accessible for mature working students (Law, 2002:2). More than a quarter of all American students are mature students and the number of part-time students has increased sharply (Sargeant, 2005:292). Dennis (2005) forecasts there will be a continual increase in adult learners, the fastest growing population in higher education. The number of university students from modest social backgrounds has increased, but this increase will be counter balanced by the rising costs of education, which will influence accessibility for poor students (Mayhew, Deer & Dua, 2004:66).

The growth in student numbers seems to be a problem, as the capacity of community colleges to absorb more students is limited due to budget constraints. Dennis (2005) report that Community Colleges will have to take an increased role in higher education, as more students will enrol at these colleges given that the traditional four year institutions are becoming increasingly expensive and selective. Another trend in higher education in America is the drop in foreign enrolments on United States campuses.



Foreign enrolments are at their lowest level since 1971, since China and India are rapidly building their own higher education infrastructure. However, the demand will still exceed the supply in higher education with an increased demand from international students for higher education, with the majority of global students coming from Asia.

The increase in diversity does not seem to be restricted to ethnic or geographical diversity. According to Dennis (1995), American colleges and universities have also been trying to reach out to the Lesbian and Gay Bisexual and Transsexual (LGBT) community by creating departments with courses in LGBT issues. Institutions are also going to great lengths to modify their offerings to accommodate students with physical, psychological and learning disabilities.

Typical trends over the past couple of years are the growing number of female students enrolling in higher education institutions (Rhodes, 1999:2). This increase in females and older students has implications for higher education institutions. Research is needed to determine the unique needs of those in growing demographic groups to ensure that they are looked after in the future. This study will also examine the unique behaviour of female students by investigating the relative importance of the choice factors they make use of in institution selection. This information can aid higher education institutions globally to understand this growing segment.

The fourth trend in the global higher education landscape is the growth in student numbers and non-teaching staff.

#### **2.2.4 GROWTH IN STUDENT NUMBERS AND GROWTH IN NON-TEACHING STAFF**

Growth in several areas of higher education is an emerging international trend. Demographic trends indicate that the number of people wanting to attend higher education institutions will continue growing for some time to come (Dennis, 2005:14). Already in 1999, growth in all student groups (under-represented minority groups and economically disadvantaged) in all institutions was predicted (Rhodes, 1999:11). Sargeant (2005:292) confirms that there has been remarkable growth in student numbers. Trends of growth are seen especially in Science and Technology and in

professional degrees, in higher education institutions in all localities, region states and nations.

Lee and Clery (2004:29) predict that higher education will witness an accelerating growth in the number of non-teaching administrative and professional staff. Non-teaching employees already outnumber those in the classrooms. These staff members are necessary for fundraising, managing external contracts and the increased marketing efforts to generate a third stream income.

According to McMillan (2005), Community Colleges are also growing in America as enrolments are spurred by the increasing tuition cost of four year schools and more people seeking higher education.

The fifth trend to be discussed is the need for higher education institutions to collaborate with each other.

## **2.2.5 INSTITUTIONAL COOPERATION AND COLLABORATIONS WITH INDUSTRY**

As students become increasingly mobile, institutions in higher education must collaborate to ensure a seamless transition for students who attend multiple institutions during the course of education (Anon, 2004c). Lifelong learning can be seen as the norm in the future and this emphasises the need for collaboration between business corporations and higher education institutions (Dennis, 2005).

Higher education institutions will have to form partnerships with industries in the light of the financial situation that they face as well as the need to establish a niche market (Newby, 2003:351). Potential partners may be concerned about the old culture of higher education institutions and that educational institutions will have to adapt businesslike behaviour in order to encourage partnerships with industry. Subotsky (2003:507) states that an emerging trend is that higher education institutions should work to the benefit of society, promoting social equality and responding to community needs. The only effective way to accomplish this is by forming partnerships between the community and institutions of higher learning (Carriere, 2006). According to Whyte

(2001:29), Australian higher education institutions are being encouraged to become trading enterprises and to form cartels and partnerships to focus increasingly on the global market, thus cooperating although they are still competitors (co-opetition).

Higher education institutions must constantly search for new methods of collaboration with partners in the economy if they want to stay competitive (Valiulis, 2003:453). Partnerships with the community, industry and other higher education institutions emphasise the importance of understanding the market, through research, in order to form the correct partnerships to gain a competitive advantage.

The sixth global trend addressed is the policy and financial implications for higher education institutions.

## **2.2.6 POLICY AND FINANCIAL IMPLICATIONS FOR HIGHER EDUCATION GLOBALLY**

Governments in America are facing severe budget cuts that have reduced the budget allocations for public universities (Anon, 2003b). As a result, these universities are working with extremely tight budgets, and they are still faced with the challenge of being competitive and offering a valuable and high quality education to students.

Higher education in America is facing growing competition for state funding, as education has to compete with other state spending like healthcare, state prisons and correctional functions. According to Lee and Clery (2004:23), higher education's share of the overall state budget will continue to shrink in most states of America. Since the cost of these programmes is expected to continue to escalate, the decline in the percentage of state funds for higher education is expected to continue as well. According to the Society for College and University Planning's Quarterly Report (2005), the American Congress is still working on the Higher Education Re-authorization Act (HERA) which will have a negative impact on higher education institutions, as major budget cuts are also anticipated. Higher education institutions are now turning to fundraising, as well as increasing their fees in an attempt to increase revenues. The Quarterly Report of 2005 predicted a 10 percent increase in tuition fees at public four year institutions, with the effect of a decrease in the accessibility of

students to study full-time due to the high costs. The new HERA act will also focus on increasing accountability in higher education institutions, lowering cost and increased ease of access.

State funding for colleges and universities is increasingly being tied to enrolment levels. Higher education institutions across the United States are feeling the economic pressures to maintain or increase their student enrolments or face making large budget cuts (Espinoza *et al.*, 2002:19).

Rhodes (1999:3) already predicted in 1999 that alumni and corporate givers will become a substantial third stream of income as government financial aid is reduced. Higher education leaders at the Symposium on Financing Higher Education 2004, indicated their concern about the reduction of federal funding, as institutional effectiveness is reduced when state cuts are incremental and unpredictable.

Scandinavian higher education institutions are also experiencing policy and structural changes as a result of the changes in government thinking on university finance. Research suggests that active marketing of research based services might be a new source of income; hence, higher education institutions should know how their service function is perceived by their clients (Tjeldvoll & Holtet, 2003:28). This emphasises the importance of research to understand the student market and their needs in order for higher education institutions to survive budget cuts from the state, and to market themselves effectively to gain a third stream of income. The decrease in state funding contributes to the increase in the price of education.

The next three trends, the increased price of higher education, increased importance of alternative sources of funding and cutting costs in higher education are a direct result of changes in the financial policies of government funding and the increase in student numbers that higher education institutions face.

### **2.2.7 INCREASED PRICE OF HIGHER EDUCATION**

Higher education leaders from Illinois, attending the Symposium on Financing Higher Education 2004, stated that: “Many colleges and universities have replaced state funds

with tuition and fee increases”. This is a great concern since this implies an increasing share of college cost borne by students and families. Thus, reflecting a fundamental shift away from the principle that increasing the population education is a public good as well as a benefit to the individual. The leaders felt that affordability influences accessibility and that high academic achievers (among low income students) are discouraged from enrolling at higher education institutions.

The cost of basic services of colleges and universities generally increase at a faster rate than inflation (Lee & Clery, 2004:24 and Baird, 2006:141). One contributing factor is the increase in health benefits and the cost of new technology. Committing to new computer systems and software increases the need for training, support, future upgrades and replacements. A third cost factor is deferred maintenance. Modernising facilities to be on par with safety and fire code standards as well as making campuses accessible to handicapped students, contribute to increased cost. As costs are rising and government funding decreasing, higher education institutions are moving towards direct student contribution to higher education financing. The increase creates higher tuition fees and results in a greater share of education cost being shifted to the student. Neither federal nor state grants, aid nor family income, have kept up with the increasing price of education. Institutions need to manage this trend in order to prevent the loss of students due to high fees.

Anon (2003:2) states that college education is becoming less affordable for many Americans, while it is now more than ever before necessary to obtain a college education to enter the workforce beyond the minimum wage pool.

In the light of the above discussion, it is critical that higher education institutions determine the importance of price for their customers as well as allocating their limited funding effectively.

This study will attempt to determine the importance of price as a selection factor for students when choosing a higher education institution. The importance of other factors besides price that are used by students in the selection process, will also assist institutions in allocating their funds to more important factors in order to attract students.

The eighth global trend to be discussed is the use of alternative sources of funding by higher education institutions.

## **2.2.8 ALTERNATIVE SOURCES OF FUNDING FOR HIGHER EDUCATION INSTITUTIONS**

According to Mouwen (2002:48), governments in many countries in the western world are stepping back from steering and funding higher education. As a consequence, higher education institutions are trying to find additional sources of income. Higher education institutions must diversify their funding sources to increase revenue. This additional stream of income comes from active programmes such as holding patents, renting campus facilities to outside groups, providing educational services to employers and branding. Institutions are also dependent on alumni and corporate donations (Primary Research Group, 2007). Based on the above, higher education institutions may consider income generating strategies such as:

- Increased private fundraising;
- Developing or expanding corporate, online and contract training;
- Expanding or improving retailing on campus;
- Introducing campus charge cards or e-cards;
- Offering alumni programmes;
- Renting out campus facilities; and
- Claiming intellectual property rights for research done on campus.

These additional sources of income are partly for financial reasons, but also for a more market focused strategy.

Apart from looking for alternative sources of income to help increase revenue, higher education institutions globally are also trying to cut costs. This is the ninth trend to be discussed.

## **2.2.9 CUTTING COSTS TO COPE WITH DECREASED FUNDING**

Higher education institutions will have to focus more on cutting costs in addition to finding alternative sources of income. This can be done in two ways: firstly, by reducing the number of full-time lecturers and secondly, moving towards privatisation of services. It also seems that educational institutions are already employing more part-time than full-time faculty members. These part-time lecturers are paid relatively lower wages, receive few, if any, benefits and operate without job security. The number of part-time faculty members increased by 148 percent for the period 1976 to 2001, and full-time only by 42 percent for the same period. Over the last few years, there was also an increase in the employment of graduate teachers and research assistants (Lee & Clery, 2004:30).

In the search for cost saving and greater efficiency, higher education has also turned to outside vendors to provide services such as (Lee & Clery, 2003:33):

- Healthcare;
- Large bookstore chains running college bookstores;
- Outsourcing of dining halls/food services;
- Business services like payroll, accounting and real estate;
- Law enforcement and safety, parking, mail, copying, printing and publications;
- Physical plan/facility management (building, grounds, recycling); and
- Student services like housing and financial aid.

Research found that over half of higher education institutions worldwide contract out at least five of the above-mentioned services (Lee & Clery, 2003:30). This trend towards privatisation in college and universities has not, however, been extended to core services such as education, yet. However, this trend highlights the importance of institutions' need for information on what their customers (students) see as important core services to be delivered as well as less important services to be outsourced or eliminated in order to cut costs. The importance of the choice factors that will be investigated in this study will already offer educators a possible indication of students' perceptions on core services and less important services.

The tenth trend in the global education landscape is the changes in the mode of delivery and technology used by higher education institutions.

#### **2.2.10 CHANGES IN THE MODE OF DELIVERY AND TECHNOLOGY USED**

The new economic currency is knowledge (Rhodes, 1999:4). Higher education institutions are at the heart of the knowledge business: the creation, testing, application and conservation of knowledge. This brings about the growth in information technology. This trend can be seen as a new opportunity or major threat to higher education institutions. The growth in information technology provides new access and new approaches in the dissemination and production of knowledge, but also poses a threat because higher education institutions have been slow to use it and slow to employ it. The old pattern was one campus, one place, but the new pattern is unconstrained, any person, anytime, any place and any study. Old standardised curricula with limited choices must make space for new individualised programmes with unlimited choices. Old faculty-centred and faculty-presented orientations must be replaced by a new student-centred approach. The old cost-intensive methods of education must be replaced by the new cost-effective method (Rhodes, 1999:6).

Dennis (2005:44) identified online education as the new way forward and suggests that within a short time span, this mode of delivery will be superior to classroom instructions. Many traditional universities will feel the effects of consolidations within their own ranks as education goes increasingly online and off-campus (Boyd and Halfond, 2002:248). The nature of the academic service product has changed as well as the mode of delivery, with the Internet greatly enhancing distance learning opportunities (Sargeant, 2005:293). Increased pressure will be put on higher education institutions, as Internet universities offer an effective and economical means of professional education.

According to Espinoza *et al.* (2002:19), attracting students has also become increasingly competitive with the emergence of for-profit institutions offering more flexible degree programs and other programs via new technological media.



This study will attempt to provide information on the importance of technology as a choice factor in institution selection. Education institutions should be able to use information on how technology is viewed by their students to enable them to make correct decisions on the future mode of delivery.

Due to the trend of globalisation in higher education worldwide, South African higher education institutions are influenced by the global trends discussed in Section 2.2. Knowledge on the global trends will provide insight to South African institutions, but they also need to investigate the local environment in which they operate. This type of environmental scanning and investigation of trends in the South African higher education landscape can help identify opportunities and threats. Section 2.3 will therefore be a discussion of the ten main trends in the South African education landscape.

### **2.3 SOUTH AFRICAN HIGHER EDUCATION LANDSCAPE**

Sargeant (2005:15) states that the emerging trends in the non-profit sector is globalisation, the rise of a contract culture, an increase in the importance of trust and accountability as well as enormous growth in the sector. Higher education that forms part of the non-profit sector is not just faced with these trends, but also confronted with their own unique challenges.

Higher education institutions in South Africa are facing an ever-changing environment and new landscape with the changing size and shape of higher education (mergers), the changing meaning of autonomy and accountability, and the changing nature of higher education providers. Student distribution (demographically and geographically), the changing organisation of higher education institution management and governance, and the changing roles of modes of delivery as well as changing value of higher education programmes (the rise of the economic sciences and the decline of the humanities) contribute to a changing landscape (Jansen, 2003:9). These challenges bring about a need for relevant, new information to help higher education institutions understand the changed landscape in which they have to operate. This

study is an attempt to provide some useful information to South African higher education institutions on their market, to adapt better to an ever changing landscape.

The following ten South African trends and factors that impact on the higher education landscape, as identified through a literature review, will be discussed in Sections 2.3.1 to 2.3.10: the effect of globalisation on the South African educational landscape, changes in the funding of South African higher education institutions, increased emphasis on technology in higher education, transformation policies for higher education, mergers in South African education, the impact of HIV/AIDS, the changing profile of South African students, increased competition in higher education, language policy challenges in higher education and the increased specialisation in South African higher education learning.

### **2.3.1 THE EFFECT OF GLOBALISATION ON THE SOUTH AFRICAN EDUCATION LANDSCAPE**

Globalisation can be described as the increasing development and deepening of world markets in capital, goods and services by the increasing occurrence of commercial exchanges across international boundaries. Globalisation has opened the floodgates of competition nationally and internationally; therefore higher education institutions are not just threatened by competition in national boundaries, but also face threats from virtual universities and virtual learning (De Vries, 2007:2). This calls for a mixed delivery mode for different clientele all over the country and world accomplished by distance education (DE) and Information Communication Technologies (ICT) and will be discussed in Section 2.3.3 (Braimoh, 2003:16). According to Fataar (2003:33), globalisation contributed to the restructuring of the local higher educational landscape, with the government adopting a more interventionist approach in steering the higher educational system.

Van Niekerk (2004:118) argues that The National Plan for Higher Education (NPHE) and the Higher Education Act portrays a value system that indicates that higher education institutions in South Africa are being gradually lured into globalisation to the detriment of a clear vision for what is necessary for the local content". The author fears that government is emphasising globalisation instead of being locally relevant.

Underlying the NPHE policy framework (refer to Section 2.3.4.4) is an increasing demand for globalised economic competition, managerialism, greater accountability and more emphasis on efficiency. The emphasis on monitoring and performance indicators and evaluation is a global trend and an integral part of the state demand for accountability of publicly funded institutions. According to Lange and Luescher (2003:83), higher education institutions are expected to show not only that they are doing their work for the state at acceptable cost, but also that they are doing a job worth paying for. The need to demonstrate efficiency and effectiveness created the space for the multiplication of large quantitative indicators such as the relation between cost and outcomes of the different services and activities. This follows the international trend to characterise higher education as an enterprise that displays businesslike behaviour to a larger extent. Ravjee (2002:82) suggests that global changes such as the increased demand for specialised knowledge and increased access to higher education are driving universities away from being discipline based towards knowledge production. This movement is also seen in the White Paper on Science and Technology (1997) and the Green Paper on Higher Educational Transformation (1996).

Four criteria can be identified that could be used to measure globalisation that are reflected in practices by higher education institutions worldwide (Sklair, 2001:3). These global strategies have changed the character of higher education institutions worldwide. These criteria emphasise the need for higher education institutions to display businesslike behaviour. This businesslike behaviour includes knowledge on the market and employing effective marketing strategies. These criteria can also be used to measure globalisation in South African higher education institutions.

### **2.3.1.1 Foreign direct investment**

Education has been targeted as the most profitable export earner for developed countries. Countries like Australia and Canada view the capital injection from overseas students as an exported commodity. Higher education institutions creating new service products, finding niche markets or retaining existing markets shows this approach. According to Currie (2003:20), higher education institution administrators aim to create globalised degrees that would prepare students for the new technology economy and international job market. This study will also try to determine how important international links, internationally recognised degrees and job opportunities are for students when they select a higher education institution.

### **2.3.1.2 World Best Practice in higher education**

World Best Practice (WBP) is all the measures of performance achieved by various systems of benchmarking. Benchmarking is a clear reflection of the commodification of everything, including the knowledge packages offered at higher education institutions, quality assurance and the accountability movement. Mergers and alliances (refer to Section 2.3.5) are evident in higher education and education is becoming a business practice, where the ethos of 'education as business' dictates what is to be taught, how and when. This businesslike behaviour of higher education institutions emphasises the need for information to aid higher education institutions in becoming more marketing-oriented and to gain a competitive advantage. The business practice of mergers and alliances will continue to penetrate higher education and according to Currie (2003:20), education providers will have to actively seek partnerships, alliances and outsourcing of services with technology companies especially, to become more businesslike.

### **2.3.1.3 A move towards corporate citizenship**

Van Niekerk (2003:117) states that: "The challenge lays in the fact that higher education institutions move towards corporate organisations focusing on the corporate image of higher education institutions and their relation with their customer (student)". The author fears that higher education institutions will become nothing but corporate organisations and the academia would ultimately be lost. Higher education institutions

focusing on becoming corporate organisations must develop a corporate image, new logos, mottos and entrepreneurial initiatives that reflect corporate citizenship.

According to Ravjee (2003:84), the increase in partnerships between academia and industry and the use of business practices in higher education institutions are making institutions more technology focused. Higher education institutions in South Africa are adapting to the global trend of becoming more knowledge production oriented by an increase in corporate management styles, more flexible organisational structures, smaller core faculties, rewarding research over teaching, increased partnership with industry, multiple sources of funding, outsourcing of non-core functions, a greater role in economic production processes and the formation of spin-off companies.

#### **2.3.1.4 Higher education institutions with a global vision**

Currie (2003:21) argues that a global vision means that a higher education institution has the desire for improvement and has a vision of being better organised to fulfil its destiny of global success. Managerialism will be an important tool through efficiency and cost-effectiveness to reach this global vision, with the academia component becoming less important for higher education institutions. Customer service is another important part of a global vision and therefore institutions need information on their customers (students) to deliver better service. Information on the choice factors can aid institutions to improve their service levels. Higher education institutions using words like 'best managed higher education institution' and 'world's best practice' are examples of the movement towards a global vision.

Higher education institutions with the characteristics highlighted in Section 2.3.1.1 to Section 2.3.1.4 are becoming enterprise universities with a corporate vision to restructure and to be more competitive within the international arena. Higher education institutions will thus have to adapt their corporate model if they want to survive in the global arena.

Sklair (2001:8) describes an entrepreneurial institution as:

- Outsourcing some functions of the institution;
- Increasing the offering of commercial and technology programmes;
- Declining numbers in humanities and social science;
- Offering of subjects that attract money at the expense of arts and culture; and
- Changing role of the vice chancellor from a traditional manager to an executive manager.

Entrepreneurial higher educational institutions, with these features identified by Sklair, are becoming more and more evident in South Africa (Currie, 2001:44). Currie (2003:22) states that the global strategies identified by Sklair (2001:3) are apparent in higher education institutions in South Africa. These global strategies have changed the character of higher education institutions. Competition policies also apply to the public sector and alter the way they operate. As part of the public sector, higher education institutions will have to make decisions more quickly and begin to take on the decision-making structures of business to adapt to competition. Higher education institutions that will be able to survive the changes and challenges in the global environment, will be those capable of aligning themselves as efficiently run corporate higher education institutions involved in selling knowledge as a commodity to diverse social and economic markets (Ravjee, 2003:84).

Information on the choice factors can help institutions to better understand student's behaviour in the selection process. This type of information could aid them in aligning themselves correctly and to become corporate universities.

The second South African trend in higher education to be discussed is the changes in the government funding of higher education institutions in South Africa.

### **2.3.2 CHANGES IN THE FUNDING OF SOUTH AFRICAN HIGHER EDUCATION INSTITUTIONS**

Higher education institutions in South Africa were traditionally funded using the old South African Post School Education (SAPSE) formula, which was mainly based on the head count (number) of enrolled students. This formula has been refined. The refined SAPS Subsidy Formula is based on the number of students enrolled and pass rates (50 percent full-time equivalent pass norms), as stipulated by the Department of Education.

The new funding framework has a direct influence on higher education institution subsidies. The steering mechanism for state funding is focused on graduate output rates and this emphasises the need for institutions to enrol quality students and to increase their throughput rates. The new steering mechanism for funding is aligned to the guiding principles of the National Plan for Higher Education (refer to Section 2.3.4. for detail). The new funding framework is based mainly on eligibility criteria that are dependent on available student places in approved fields of learning and levels of study as mandated by the Department of Education. Funding is linked to approved institutional plans, publication outputs, teaching outputs, student numbers and research graduates (Anon, 2008).

The funding allocation is based on three windows:

- **Block Grant Funding**  
This is the initial instructional set-up subsidy cost paid to institutions on the basis of their planned full-time FTE's (Full-Time Equivalent Enrolments) in different fields of study. The subsidy depends on graduate output instead of pass rates.
- **Earmarked Funding**  
These funds are allocated to achieve specific institutional purposes such as national student financial aid schemes, approved capital projects, institutional development and redress.

- Research and Development

These funds are output driven to facilitate research and collaboration at regional and national level, publication output and research scholarships. This funding window emphasises the research function of higher education institutions. Furthermore, institutions with well-established research infrastructure will benefit from this window of funding.

For many years, higher education institutions played the numbers game and doubled their student intake to increase the score on the first part of the subsidy (50 percent full-time equivalent enrolment), only to realise later that this creates a problem with the second part of the subsidy, namely the pass norms (50 percent full-time equivalent pass norms). Previously disadvantaged institutions especially had high amounts of unprepared students entering and exiting due to their inability to cope with the demands of higher education institutions. This funding problem was intensified by students' inability to pay their fees. Institutions had to tighten their admission criteria and had to develop cost saving measures (Jinabhai, 2003:54).

Fataar (2003:33) states that market forces impacted on the higher education sector, following international phenomena as seen in the growth of this sector. The Education Department reacted with alarm at the growth of the private sector and has put in place restrictive regulatory legislation that curbs the growth of this sector. As pointed out by Levy (2002:14), restrictive legislation is an international trend through which countries attempt to protect home country public institutions. The South African government allocates a specified amount of money for a specified number of students and higher education institutions have to decide how to apply the subsidies. If higher education institutions decide to take in more students than specified by government, they receive no subsidies for these additional students.

According to Van Niekerk (2004:120), the subsidy cuts and decline in student numbers force public institutions to look for "entrepreneurial sources of revenue." Higher education institutions must adopt businesslike behaviour to find additional funding. One way of securing funds is to increase the student enrolments at lower cost and to switch from student grants to student loans.



The importance of financial assistance and class fees when choosing a higher education institution will also be investigated in the study at hand.

The third trend in the South African higher education landscape is the increased emphasis on technology and will be discussed in the next section.

### **2.3.3 INCREASED EMPHASIS ON TECHNOLOGY IN SOUTH AFRICAN HIGHER EDUCATION**

Higher education institutions in developing countries like South Africa face many challenges in gearing themselves for Information Communication and Technology (ICT) in their institutions (Braimoh, 2003:22). The information revolution has experienced astonishing growth of new knowledge. International competition and the globalisation of the world economy imply that the availability of and investment in information has become the main spur in economic progress. According to Van der Merwe (2004:130), the job market has changed in such a way that new skills will become necessary. Today, conventional higher education institutions worldwide face the difficult challenge of meeting the need for productive employment. They must also include the adoption of ICT for offering their present face-to-face programmes, while operating flexible and lifelong learning, globalisation with competitiveness, networking and partnerships.

Information technologies encompass all the various means of knowledge transmission. Broere, Geyser and Kruger (2002:7) differentiate between three different types of educational technology, which are discussed below.

The first type of educational technology is computer based. Computer networks such as the Internet make it possible for learners to access information from data sources throughout the world. These networks enable facilitators to interact with individual learners on campus or remote locations, for example webbased courses, which are offered entirely over the Internet. Interactive Compressed Video (ICV) systems combine computers with telephone lines to transmit signals involving the use of code devices that compress the signal on both sides of a digital phone line. Cellular phones

are yet another example whereby using Wireless Applications Protocol (WAP) learners can access the Internet with cellular phones. The current development worldwide and the expansion of networks in South Africa ought to contribute to the implementation of communication applications between facilitators and learners as well as among learners through short message systems (SMS). Ellis and Barraclough (2007:16) found that especially 18-24 year olds are receptive to SMS marketing.

The second type of education technology is audio and video communication. Audio and video cassettes, as well as audio and video conferencing are examples of this type of technology. It is possible for higher education institutions to record sessions/lectures so that it can be screened at a later stage.

The third type of educational technology is known as interactive satellite communication systems. The use of satellite communication systems to convey signals may make interactive television systems for education a reality. Bluetooth is a wireless technology that will be able to connect a cellular phone to a notebook computer to provide access to online conferencing facilities.

Traditional technologies remain essential, such as face-to-face instruction and printed text, but according to Braimoh (2003:17), this process is becoming obsolete and may not guarantee institutional survival in future. A possible solution to the above demands is Distance/Remote Education (DE) and online education.

The use of remote education implies that students do not have to be in the same room as a teacher. While solitary learning difficulties, like the loss of interactivity, can be a major problem in remote education, it is not economically viable to have one-on-one contact all the time. Video conferencing technologies and shared spaces can be a solution. Taking the geography out of education will change things dramatically. The best lecturers may come from higher education institutions worldwide and students will select higher education institutions according to other issues such as social life, accommodation or costs (Schoeman, 2005:2). This study will investigate the importance of the “other” factors that can possibly play a role in institutional selection.

Distance education has developed in three phases and is also known as generations (Ridge & Waghid, 2000:77). The three generations are as follows:

- The first generation is printed materials or correspondence style or a single medium in which guides are sent by mail from facilitators to learners;
- The second generation makes use of a greater range of one-way communication media such as print, television, radio broadcasting and cassettes or limited two-way communication via correspondence; and
- Telematic education constitutes the third generation and requires the use of electronic information technologies such as computer conferencing, networks and audio-and-video conference. Two-way communication between facilitators and learners is therefore enhanced.

Some higher education institutions in South Africa have already progressed to the fourth type of education technology, the mixed mode, in which a new dynamic interaction is negotiated between electronic information technologies and face-to-face lecturing (Broere *et al.*, 2002:6). Higher education institutions worldwide tend to move towards multi-mode offerings, that is, offerings that apply different modes of delivery and different programmes, and thus enhance the offerings by using integrated technologies. In doing so, institutions ensure access for lifelong learners and design and develop learner-centred programmes of high quality. These changes can also be identified in the South African context and have led to the development of dual modes of delivery. These higher education institutions can deliver education to both contact and paper based education learners. According to Mackintosh (1999:143), South African higher educational institutions should take note of these international trends when addressing local issues. The policy drive in South Africa is a single dedicated distance education institution through the merging of the University of South Africa (UNISA) and Technikon South Africa (TSA). This seems to be against the international trend, since it isolates distance education from contact education and could discourage traditional contact universities from utilising modern technologies to the full and re-think their traditional chalk-and-talk approach to teaching and learning (Broere *et al.*, 2002:5). The process of covering the whole spectrum of delivery modes may be strained if only contact and distance education are recognised for funding purposes.

Through this process, the distinctions between distance and contact education fade and the focus is centred on the learner and learning support in a number of ways.

South African higher education institutions can benefit from making use of ICT and online education to (Mashile & Pretorius, 2003:132 and Braimoh, 2003:22):

- Increase access to students, especially those in remote areas;
- Reach niche markets opened up by new technologies;
- Enhance teaching effectiveness;
- Enhance future competitiveness in the work environment by developing computer skills;
- Instigate institutional renewal and repositioning;
- Develop specialised programmes of study not otherwise possible;
- Generate higher levels of tuition based revenues; and
- Lower cost of higher education.

Online education plays a vital role in distance education, as collaborative activities amongst learners can be achieved through online methods. Learning programmes are made flexible by online education, as it can be easily customised to learner needs. The problem with online education and remote education is that access may be limited especially in developing countries with a high number of low socio-economic individuals that could ultimately be disadvantaged by causing a technology divide. Higher education institutions will have to undertake numerous initiatives to remedy access problems themselves or through partnerships with government or businesses.

Braimoh (2003:22) states that “South African higher education institutions must seize the opportunities of the innovation to adopt ICT initiatives in the delivery of their academic programmes to their heterogeneous audiences, who are now yearning for knowledge acquisitions.”

Computer innovation brings about the massification of students, a new teaching culture which is more student centred and less lecturer-oriented, new methods of presentations (e-campus), increasing global alliances between foreign and local higher

education institutions and increasing mobility of students and staff internationally. Higher education institutions have to restructure, re-engineer and reform in order to meet these challenges. The shift must be towards a more flexible and life-long learning. Technology driven education innovation is the answer and will make higher education institutions programmes not only accessible to more students, but also relevant to the needs and aspirations of the African population (Braumoh, 2003:13).

Schoeman (2005:3) states that higher education institutions will lose students if they do not get the overall package right, including paying attention to local lecturer quality. The availability of new information and communication technology has pushed the traditional boundaries of the residential campuses back and enhanced the marketability of higher education. More flexible programme delivery systems to meet the needs of e-customers have become increasingly important, as customers expect to be served outside the traditional locations of outlets (campuses). Higher education institutions will have to meet the diverse student population in high technology virtual campuses (Park, 2003:6). The biggest challenges for higher education institutions will be to continuously evaluate the possibilities that are made available through new technology. This, however, puts a strain on budgets. Carnoy (1998) states that higher education has a role to play in technology transfer because it has the capability to develop the production and management skills required to utilise and organise the new technology.

Mashile and Pretorius (2003:132) state that the changing student population will demand a greater usage of ICT in their education, based on their pre-higher education experience with technology. The student population also have the perception that ICT may be useful in their careers and may thus enhance their future.

Higher education institutions' survival in a world where technology has changed everything overnight is questionable. Green (1999:15) already predicted that higher education is in a deep crisis and that higher education institutions will not survive as residential institutions. The reality is that institutions need to change. There is a range of options available for higher education institutions and they can develop strategies that can implement and integrate different technologies in a variety of ways in order to facilitate learning on and off campus. Technology remains a means through which

modern offerings of programmes can be enhanced considerably if planned and implemented properly and therefore the importance of technology as a choice factor in institution selection will be investigated in this study.

The fourth trend that South African higher education institutions must be aware of is the transformation policies that directly influence and change the landscape in which they operate. The next section will explain the main transformation policies.

### **2.3.4 TRANSFORMATION POLICIES IN SOUTH AFRICAN HIGHER EDUCATION**

In South Africa, the Department of Education through their Higher Education Act (1997:18), view any educational institution providing higher education, may it be a university, college or a subdivision of any of the three, as role-players in higher education. The Department of Education in South Africa (1997) regards human dignity, equality and freedom, equity and redress, development, quality, effectiveness and efficiency, academic freedom, institutional autonomy and public accountability as the fundamental principles that should guide the process of transformation in higher education. After 1994, South Africa's first democratically elected government inherited a racially segregated higher educational system. The first term of government (1994-1998) was characterised by the elaboration of a vision for a transformed higher education system and the putting in place of concrete policies to improve higher education in South Africa. This was followed by an implementation period focused on new funding provisions, a student financial scheme, the restructuring of higher education programmes and institutional mergers (Lange & Luescher, 2003:82). There was a major drive in South Africa by the Department of Education, accumulating in the National Plan for Higher Education (NPHE), to reshape the higher educational landscape. Fataar (2003:33) states that the nature of the political settlement, the emergence of a stringent macro-economic framework, the influence of globalisation and the impact of the underlying labour and economic patterns influenced the government to align higher education with economic development. This paved the way for the changes in the higher educational landscape facing higher education institutions today. The government is setting enrolment, performance and programme targets for the higher education sector based on national goals and for universities on their capacity (Anon, 2008).

The higher education restructuring in South Africa has been heavily influenced by the policy process which include: the National Commission on Higher Education Report (NCHE, 1996), the Education White Paper (EWP, 1997), the Council on Higher Education Report (CHE, 1997) and the National Plan for Higher Education (NPHE, 2001). The primary aim of these policy documents is to ensure that the higher education system is planned, governed and funded as a single national coordinated system as well as to enhance the transformation of the education system (Waghid, 2003:91). These policies will now be shortly discussed in Sections 2.3.4.1 to 2.3.4.4.

#### **2.3.4.1 National Commission on Higher Education (NCHE 1996) and Green Paper III**

The NCHE process drew considerably from international comparative expertise and experience of higher education restructuring. The three key features of the document are increased participation, greater responsiveness and increased cooperation and partnerships (NCHE 1996:6-9). Partnerships are on the increase between higher higher education institutions and industry as well as universities in other countries, and are becoming more complex (Claassen, 2006). A new funding formula with significant redress funding for historically disadvantaged institutions was also envisaged, with a single national system of higher education provision. Most of the NCHE recommendations, such as accountability, efficiency and a national qualification structure, were endorsed and were taken up and further developed by the Department of Education in the Green Paper on Higher Education published in December 1996. The Green Paper principles focused on equality, redress, justice and democratisation. According to Fataar (2003:35), the Green Paper assigned a key role for the restructuring of the higher education system in economic development to place South Africa in a strong competitive position globally.

#### **2.3.4.2 White Paper on Education and Training (1997)**

The government's White Paper (Program for the Transformation of Higher Education) provided a new framework for higher education in the country (Taylor & Harris, 2002:183). According to the Ministry, higher education was characterised by the following deficiencies (Department of Education, 1997:8):



- The inequitable distribution of access and opportunity for staff and students;
- Mismatch between the output of higher education and the needs of a modernising economy (shortage in fields such as science, engineering, technology and commerce);
- Governance of higher education at a system level characterised by inefficiency and ineffectiveness, with little coordination; and
- Insufficient attention to the presiding local, regional and national needs of South Africa.

The White Paper emphasised the need for increased and broadened participation, treated responsiveness to societal needs and increased cooperation of the higher education system. The White Paper outlined that higher education needed to transform in order to redress past inequalities and to transform higher education institutions to serve and respond to new realities and opportunities (Department of Education, 1997:7).

#### **2.3.4.3 Higher Education Act (1997)**

According to Jinabhai (2003:55) and Waghid (2003:92), the Higher Education Act (1997) sets out five basic principles aimed at transforming the higher education sector:

- **Size and shape of the system**  
This is dependent on participation rates with the focus on under- and postgraduate enrolments. The focus is on increased access to higher education to all, and to produce graduates with skills and competencies necessary to meet the human resource needs of the country. According to Akojee and Nkomo (2007: 388) access to higher education is one of the mechanisms for achieving redress in South African higher education.
- **Equity**  
The Act focuses on promoting equity of access and to redress past inequalities by ensuring the reflection of national demographics amongst students and staff.



- Diversity  
The Act tries to ensure diversity in the organisational form and intuitional landscape of the higher education system through mission and programme differentiation, thus enabling the addressing of regional and national needs in social and economic developments. This principle focuses on reducing administrative cost, duplication in the academia and enhancing throughput rates.
- Inter-institutional cooperation  
The Act focuses on building new institutional and organisational forms and new institutional identities through regional collaboration as well as aiming for joint utilisation of human and physical resources in the regions. The Act also focuses on increasing the number of programmes in joint regional partnerships and encourages inter-institutional research projects.
- Research  
To build high level research capacity to address the research and knowledge needs of South Africa.

#### **2.3.4.4 The National Plan for Higher Education (NPHE, February 2001)**

The NHPE outlines the framework and mechanisms for implementing and realising the policy goals of the White Paper III. The Department of Education (2001:5) in its National Plan for Higher Education identifies the challenges facing higher education as highlighted by the White Paper III, and underpins the following in a knowledge based society:

- The mobilisation of human talent and potential through life-long learning to contribute to the social, economical, cultural and intellectual life of a rapidly changing society;
- Higher-level skills training; and
- Production, acquisition and application of new knowledge, national growth and competition dependent on continued technological improvement and innovation.

The NPHE is considered as the final step in implementing the goals of the White paper. The NPHE was written in response to the Council of Higher Education's Report (2001) – Towards a New Higher Education Landscape, and aims to achieve:

- Participation in the education sector must be increased by 15 to 20 percent in the long term in order to address equity, as well as changes in human resources and labour needs;
- A shift in enrolments over the next five to ten years between humanities, business, commerce, science, engineering and technology;
- Establishment of ratio targets with emphasis on the programmes in which black students and female students are under-represented, as well as to develop strategies to ensure equity of outcomes;
- Diversification and differentiation in order to achieve transformation goals of the White Paper;
- Establishment of a single dedicated distance educational institution to increase access for local students and those from the rest of Africa;
- Introduction of a separate funding formula in order to ensure greater accountability and more efficient use of limited research resources;
- The higher educational landscape must be restructured to address the racial fragmentation of the system as well as administrative, human and financial constraints; and
- Implementation of institutional mergers and incorporations.

According to Broere *et al.* (2002:5), the NPHE seems to approach this change top-down and in a regulatory manner. The NPHE recommends that programmes presented by higher education institutions be reduced from an unlimited number of courses and qualifications, to be compatible with system-wide, goal-oriented funding and effective quality assurance (Department of Education, 1996:85 and Fataar, 2003:34).

The improvements, as listed in the policy documents, provide a challenge and an opportunity for institutions to help the government to make the right choice in transforming higher education. Although higher education institutions have to become

more businesslike in their behaviour, they must familiarise themselves with the policies guiding the educational landscape for the early identification of opportunities and threats. The higher education sector has been through a number of government policy shifts and institutions in South Africa will need to reinvent themselves (Anon, 2006a:30).

As a direct result of the governments' transformation policies, higher education institutions throughout South Africa are faced with or in the process of merging. Section 2.3.5 will explain this trend in the South African higher education landscape.

### **2.3.5 INCREASED MERGERS IN SOUTH AFRICAN HIGHER EDUCATION**

Higher education in South Africa has been characterised by major changes regarding the shape and size of the system. One of these changes has been the merger process. According to Wyngaard and Kapp (2004:185), the Higher Education Act of 1997, the Higher Education White Paper and the National Plan for Higher Education paved the way for a Size and Shape document, which recommended the reduction of the absolute number of institutions and an investigation of the full range of possibilities for combinations of higher education institutions and the establishment of a single distance education institution.

On 31 May 2002, the then minister of education, Professor Kader Asmal (2002), announced the government proposal for the restructuring of higher education in South Africa. Mergers between various educational institutions in the country were proposed as necessary to the restructuring process, with the idea that these new comprehensive institutions would allow increased student access and mobility. The consequences of the above are a totally different higher education landscape caused by mergers, take-overs and closures at a large scale. Colleges of education disappeared from the landscape, technical colleges were clustered and reduced in numbers, nursing colleges were reduced and universities and technikons reduced from 36 to 21.

The first merger took place in January 2004, and in the month thereafter, many mergers followed. A number of technikons became universities of technology and the mergers of universities and technikons resulted in the establishment of new

comprehensive universities. The Tshwane University of Technology (TUT) was formed from Technikon Pretoria, Technikon Northern Gauteng and Technikon North-West. The Nelson Mandela Metropolitan University emerged from the Technikon Port Elizabeth, the Port Elizabeth campus of Vista University and the University of Port Elizabeth on January 2005. Similarly, the University of the Witwatersrand (WITS) and the Johannesburg College of Education (JCE) merged and many more followed, such as the merger of the Randse Afrikaanse Universiteit, Technikon Witwatersrand and the Soweto campus of Vista, which became the University of Johannesburg.

The restructuring process created a more effective system to meet the challenges and needs of South Africa in the twenty-first century. The mergers gave affected institutions an opportunity to address critical issues such as differentiation, transformation and enhancing self governance. All over the world, higher education institutions are facing the demands of the real world, in addition to their role of teaching and instruction, and therefore the need for research (Rapport/City Press, 2005:4). The mergers started a process of creating a new system of strong and well-endowed higher education institutions that can contribute significantly to the development of South Africa. Park (2003:6) is of the opinion that the association between the state and higher education institutions are changing due to the expansion of centralised decision-making structures. The size and shape of higher education, institutional programme mixes and overall growth and participation rates are all determined mainly by the Department of Education. The prescribed mergers as well as the ongoing rationalisation of academic programmes and collaborations by means of common teaching platforms are further challenges in the educational landscape. Higher education institutions have to submit their missions, programme mixes, efficiency rates and equity plans for approval to the Department of Education.

Several positive outcomes of mergers can be identified and here-in lies potential opportunities for higher education institutions (Wyngaard & Kapp, 2004:185):

- The better utilisation of staff qualifications;
- Less duplication of programmes;
- Sharing of resources and facilities;

- A more cost-effective operation in terms of economics of scale; and
- Improvement of academic quality over time.

Mapesela, Alt and Strydom (2003:215) state that with the rapidly expanding expectations and limited resources, collaboration in the form of cooperative programmes and mergers offers a practical and viable opportunity for improving and extending the capacity of any higher education institution. The forming of new institutions through the merger process creates opportunities for these new institutions to create a unique image and position in the market. One of the objectives of this study will be to investigate students' perceptions of the importance of an institution's image in the selection process.

The sixth trend that higher education institutions need to take cognisance of is the impact of HIV/AIDS on the higher education landscape in South Africa.

### **2.3.6 THE IMPACT OF HIV/AIDS ON HIGHER EDUCATION IN SOUTH AFRICA**

If Acquired Immune Syndrome (AIDS) deaths continue at the current rate, the population growth will decrease significantly and negatively influence organisations worldwide (Van Aardt, 2004). According to the joint United Nations Programme for HIV/AIDS (UNAIDS), the HIV infected rate at the end of 1999 of the adult population group (15 - 49) in South Africa, of which the student market is part, was 20 percent. The US Census Bureau predicts that by 2010, life expectancy will have declined from 60 years to around 30 years in the worst affected countries, of which South Africa is one.

It is generally accepted in Sub-Saharan Africa that HIV/AIDS will seriously affect the higher education sector. Impact assessment for university students indicated an infection level between 21 to 36 percent by 2005. Findings of the United Nations Economic Commission for Africa (UNECA) in July 2000 on the impact of HIV/Aids on the education sector of South Africa state the following:

- South Africa has the fastest growing HIV/AIDS epidemic in the world;
- Over four million people, about one in eight adults, are HIV positive;
- Prevalence rate is highest among young people, especially teenage girls;
- It is anticipated that at least half of South African children who are 15-years old will die of HIV/AIDS;
- Educators constitute the largest occupational group in South Africa (at least 12 percent are reported to be HIV positive);
- Fewer children will enrol in school; and
- Qualified teachers, educators and officials will be lost to the education system.

This UNECA (2000) report highlights the uncertainty concerning student numbers and education in future as well as the impact of HIV/AIDS on higher education institutions. The HIV and Aids pandemic is claiming large numbers of students who are in good academic standing and will affect every institution of higher education in its entirety (Mapesela, 2002:60). Institutions of higher education however seem to underestimate the potential of HIV/AIDS to destroy systems (Van der Merwe & Gouws, 2004:20). Higher education institutions will have to develop a clear and comprehensive strategic approach towards HIV/AIDS.

South Africa is compelled to deal with the HIV/AIDS pandemic like most other countries in the world. The number of people that are infected and the rate of infection are yet to be determined within a close degree of certainty, but the reality of dealing with its impact on people and systems is of crucial concern. According to Ramranthan (2003:177), HIV could affect teacher demand as well as student numbers, and higher education institutions must be aware of this possible threat to their student numbers.

Higher education institutions must not just take note of the impact of HIV/AIDS on their student market, but they must also familiarise themselves with the changing profile of South African students.

The seventh trend, the changing profile of South African higher education students, will be covered in Section 2.3.7.

### **2.3.7 CHANGING PROFILE OF SOUTH AFRICAN HIGHER EDUCATION STUDENTS**

Higher education institutions have to accommodate a different profile of students (Park, 2003:6). The student population has become more diverse due to the greater accessibility of higher education to students from previously disadvantaged communities. Diversity can be defined in an educational content as including participation of different gender, race, class, sexual orientation, physical ability and religion, but more frequently it focuses on the access and success of students from under-represented racial and ethnic backlogs (Smit & Schonefield, 2000:17-20).

South African higher education institutions cater for a diverse student body and dual-medium higher education institutions face particular daunting challenges. According to van der Merwe (2004:131), the shift from a largely White elite higher education system to a mass education system implies fundamental changes in the composition of the student population. The age profile of the South African student may also change significantly to that of older groups of students employed elsewhere, who no longer spend an uninterrupted number of years on campus. The average age of graduates is expected to rise to 38 years in 2010 (Simikins, 2002). Greater numbers of under-prepared students are seeking entrance into higher education institutions. At many institutions, school leavers form a smaller percentage of the student population, while more mature learners with part-time occupations are on the increase.

Higher education institutions face major challenges to provide the necessary academic guidance and support to the school sector. Academics should accept that in future, not all school leavers seeking entrance at higher education institutions will be fully prepared for the challenges of higher education (Park, 2003:7). Higher education will have to provide the necessary scaffolding to construct sustainable strategies for the successful development of the South African school system. Higher education institutions are already busy with the development of additional admission tests to be used in 2009 to determine the knowledge level of first year students (Rapport, 2005:4). This is necessary in the light of the new curriculum that will cause changes in the senior certificate, such as higher and standard grade that may possibly fall away, pass rates that may be lowered as well as the changes in subjects and content for Grade 12

pupils. Lourens and Smit (2003:169) argue that higher education institutions will struggle more and more to meet the demands of the growing number of students who enter higher education with limited skills. It is critical for administrators to understand the unique combination of factors contributing to student attrition at their institutions. Three primary causes for the high drop-out percentages among full-time students can be identified (Yorke, 1999). These include:

- Mismatch between students and their choice of study fields;
- Financial difficulties; and
- Poor quality of the student experience (quality of the teaching, level of support given by staff and the organisation of the programme).

Higher education institutions should not only recruit quality first year students, but also have strategies in place to retain them, especially in the light of the funding formula.

Alexander (2004:202) states that the attitudes of different groups of students towards specific courses, subjects and their studies as a whole should be seen in context. Research on the diversity of the student market will provide this information. Essentially understanding the student market, who they are, their ages and what their needs and preferences are, can give a higher education institution the insight to develop effective strategies.

Higher education institutions must not just be aware of the changes of their student market, but they must also keep their eyes on competition. The eighth trend to be discussed in this section is the competitive arena of higher education institutions.

### **2.3.8 THE COMPETITIVE ARENA OF SOUTH AFRICAN HIGHER EDUCATION**

Higher education institutions' transformation worldwide entails the encouragement of greater competition for limited institutional resources. Stronger competition is therefore developing between higher education institutions nationally and internationally, and even among higher education institution faculties for staff, students, funds and infrastructures. Higher education institutions no longer have the monopoly on post-



matric education, as the involvement of more private and public sector (third stream money) is taking place in the form of partnerships (Van der Merwe, 2004:134). The increase in institutional competition is partly the result of globalisation and the drive of higher education institutions to become more market-oriented as they compete for funds and customers (De Vries, 2007:2). According to Ntshou (2002:8), institutional competition and collaboration are inherent in globalisation.

All the above-mentioned factors have impacted on higher education institutions and have forced institutions to rethink their strategic positioning in the highly competitive environments in which they function. Most institutions are experiencing an increased competition for resources, which has led to the exploitation of intellectual property, an increasing dependence on third stream finance and the development of focus areas. It is the responsibility of higher education institutions to rethink and re-imagine higher education effectively for the future. Information provided by this study can aid higher education institutions in this process of adapting to an ever-changing and extremely competitive environment.

The language policy challenges that higher education institutions face in South Africa is another trend and will be discussed below.

### **2.3.9 LANGUAGE POLICY CHALLENGES IN THE SOUTH AFRICAN HIGHER EDUCATION LANDSCAPE**

The dilemma facing higher education in South Africa is the perception that English, and to a lesser extent Afrikaans, are the only languages capable of functioning fully as languages of learning and teaching at higher education institutions. However, Foley (2004:57) states that many potential higher education students are not sufficiently fluent in English or Afrikaans, or able to study effectively through these languages.

On 5 November 2002, the Minister of Education released the Language Policy for Higher Education (LPHE). The multilingual nature of South African campuses are acknowledged and validated by the LPHE, which requires all higher education institutions to advance the official South African languages in accordance with the constitution. LPHE's main objectives are:

- The development, in the medium to long-term, of South African languages as mediums of instruction in higher education, alongside English and Afrikaans;
- The development of strategies for promoting proficiency in designated language(s) of tuition;
- The promotion of the study of foreign languages; and
- The retention and strengthening of South African languages through planning and funding.

The Language Policy for Higher Education challenges higher education institutions to cater for the linguistic needs of a new, more diverse and potentially larger student population brought about by greater equity of access. Higher education institutions must accommodate the latter while maintaining quality education and creating an environment where multilingualism can flourish (Van der Walt, 2004:25). A further challenge facing education institutions is to ensure the simultaneous development of a multilingual environment in which all the official languages are developed as academic/scientific languages, while at the same time ensuring that the existing language of instruction do not serve as a barrier to access and success. Higher education institutions must also ensure that students can use the existing language of instruction in such a way that student throughput rates improve.

Foley (2004:71) argues that the way to resolve the language dilemma in higher education is not through the Language Policy for Higher Education alone, but through developing indigenous languages and providing quality access to English proficiency throughout the education system. Alexander (2004:202) states that it is not sufficient for South African universities to admit students from all population groups and then offer lectures in only English and/or Afrikaans. Higher education institutions need to develop ways to help all their students succeed in their studies and the students need advice on how they can derive the maximum from their educational environment. Institutions are faced with increasing numbers of limited languages proficient students from disadvantaged school backgrounds and have to develop special courses for improving students' proficiency in English, with a view to promoting academic literacy.

Language affects all aspects of the academia as a platform for the cultivation of critical thinking. The extension of multilingualism (more people using more languages in more registers and in more domains) in higher education can contribute significantly to improving the quality of the higher education sector (Brand, 2003:26). This type of approach would achieve:

- Educational quality, equity and justice;
- Student responsibility and educational accountability;
- State planning and academic freedom; and
- Research and social relevance.

In order to adapt to the changes in the higher education policies, global trends and change in the diversity of students, higher education institutions will have to adapt their language policies. Some higher education institutions that are still focusing on the Afrikaans language are now being forced to change to English in order to adapt to the new needs and changing environment. According to Malan (2005:5), Chris Brink, then Rector of the University of Stellenbosch, said it is unrealistic to educate exclusively in Afrikaans. According to Du Toit (2005:2), the increase in English speaking students to historical Afrikaans higher education institutions, as well as the decrease in government funding, is making it difficult to lecture in both Afrikaans and English. Malan (2006:12) reports that students feel that contact time is reduced, as lecturers have to present the information in both languages, which leads to frustration and confusion. Both authors suggest that higher education institutions that exclusively use the Afrikaans medium will all eventually have to change to a double medium language policy, as more English speaking students are enrolling at historically Afrikaans speaking higher education institutions.

There is little to no research as to whether the same kinds of lectures and educational models can be effectively applied to diverse groups using different languages. Research conducted indicates important differences in attitudes of different cultural groups towards aspects such as textbooks and assignments. Further research on the difference and/or similarities of Afrikaans and English speaking students would be needed (Alexander, 2004:205). This study will attempt to identify further similarities

and/or differences between language and the relative importance of choice factors used in the institution selection process.

In the light of all the pressures that higher education institutions face to improve the performance of their learners and to be accountable for money invested in them, it is important that the linguistic strength that learners bring be recognised and used to the benefit of all (Van der Walt, 2004:31). It is evident from the above discussion that research is needed on the language medium preferred by students at higher education institutions, as well as the medium most appropriate for marketing communication purposes.

The information obtained from this study will help institutions to determine how important their language policy is to students when they select a higher education institution. It will also provide insight in the home language of students on campuses. This knowledge can help institutions with future decision-making on the language to be used in promotions, communications and lecturing.

Except for the language dilemma that higher education institutions are faced with, they also have to manage the challenges posed by the tenth and final trend, namely increased specialisation.

### **2.3.10 INCREASED SPECIALISATION IN SOUTH AFRICAN HIGHER EDUCATION LEARNING**

Van der Merwe (2004:127) states that “a stronger focus on science, engineering and technology is necessary in South Africa to correct the present imbalances of student numbers”. South Africa is entering a millennium of enormous societal, environmental and scientific challenges, to which no higher education institution can remain indifferent. The humanities, therefore, will also have to position themselves within an evolving and transforming framework. Management and Economic Sciences are part of humanities and the focus of this study. This means that especially Management and Economic Sciences faculties will benefit from the information obtained from this research study.

In America and Europe, higher education institutions are trying to give their students a general exposure instead of too much specialisation, to encourage them to think more laterally and to be more adaptable. However, in South Africa, the new Education Policy emphasises that the government would prefer higher education institutions to provide more specialised, focused and career-oriented courses. According to Wasserman (2005:2), a general B.Com qualification would make it increasingly difficult for students to obtain a job. Due to an increase in students in business and management courses, especially black students changing from law and political science, there is an increase in the competition for jobs. Higher education institutions will have to ensure that their courses are career-focused to enable students to obtain jobs after graduation. Professional qualifications that will enable international job opportunities are now in demand. De Vries (2005:19) states that there are many more job opportunities in the financial, engineering and manufacturing sectors, and students will have to be knowledgeable on which jobs are in high demand.

From the discussion in Section 2.2 and Section 2.3, it is evident that higher education institutions are faced with many opportunities and/or threats due to trends in the higher education landscape globally and locally. The opportunities and threats due to these trends influence the environment in which higher education institutions operate, and thus the growth and survival of higher education institutions. Therefore, higher education institutions should take cognisance of these trends and develop strategies to utilise the opportunities and to combat against these threats.

South African higher education institutions should ensure that they are:

- Well aware of the effect of globalisation on their institutions;
- Determining the impact of changes in their language policy and how they will address this dilemma;
- Familiarising themselves with the impact of the changes in state funding and identifying possible steps to minimise the negative consequences of a decrease in their subsidies;
- Increasingly making use of technology and new modes of delivery to stay competitive and deliver good services to their market;

- Familiarising themselves with the transformation policies and how to adapt their own policies and procedures accordingly;
- Managing the merger process and have plans in place to utilise the merger process as a growth opportunity and to brand and reposition the new merged institution;
- Keeping up-to-date with the HIV/AIDS pandemic and have strategies in place to deal with its impact on their institution;
- Constantly researching the student market to be aware of any changes in students' profile, needs or preferences in order to adapt their marketing strategy accordingly;
- Keeping their eyes on currents and potential new competitors and have a strategy in place to differentiate themselves; and
- Focusing on providing specialised learning in the fields industry and government requirements.

Higher education institutions in South Africa should however not just focus on the above-mentioned ten trends, as the landscape is constantly changing and new trends can emerge and others may fade. Due to the ever-changing environment in which higher education institutions operate, institutions must do environmental scanning on a continual basis if they want to stay abreast of changes and new trends.

It is however not enough for South African higher education institutions to only scan the South African higher education landscape in order to adapt their strategies to grow and survive; they must also scan the global higher education landscape. South African higher education institutions do not operate in isolation and often global trends influence or even emerge in the South African landscape. It is therefore of utmost importance that South African higher education institutions must also:

- Take note of the worldwide changes in the student profile to older, part-time, female students and the alarming global growth in student numbers;
- Observe and learn from their global counterparts as to how they coped with changes in state funding by cutting unnecessary costs, outsourcing, making use of alternative sources of income, and increasing the price of education;

- View the global increase in institutional cooperation and industry collaboration as a good example for how to deal with their current merger process and after-effects;
- Take cognisance of the mode of delivery used by global higher education institutions; and
- Familiarise themselves with the possible strategies and outcomes of increased global competition and how they can use this information to become more competitive.

## **2.4 CONCLUSION**

Rapid changes in society seem to be the order of the day, and in this context, the role of higher education institutions in society is coming under the critical scrutiny of their identity in the landscape of higher education.

Chapter 2 highlighted some of the major trends in the global as well as the South African higher education landscape. Section 2.2 focused on the global perspective and discussed trends such as globalisation, the changing student population, changes in financial policies, increased price of education, alternative sources of funding, cutting costs, the growth in student numbers, institutional cooperation and collaborations, changes in the mode of delivery and the increase in global competition. Section 2.3 explained the major trends from a South African perspective and focused on the influence on higher education institutions of globalisation, language policy, changes in government funding, increased emphasis on technology, transformation policies, mergers, HIV/AIDS, changing student profiles, increase in competition, and specialisation.

Analysing the trends and factors that influence higher education globally and specifically in South Africa, one can identify opportunities and emerging threats in the higher education landscape. The amount and potential for outside funding, demographic trends, information technology and growth are at the positive side of higher education. However, the cutbacks in government funding, higher tuition fees and increased competition create concerns. With this unpredictable educational

landscape, higher education institutions will have to move towards the increase of third stream incomes, cutting of costs and becoming more businesslike and market-oriented. The increase in competition is forcing institutions worldwide to make their programmes more relevant to their customers and to consider abandoning activities that are not commercially profitable, even if it may have academic value.

Whether or not higher education institutions successfully adapt to this changing landscape will depend on the early identification of emerging trends and their ability to respond appropriately. Higher education institutions must identify their own strengths and weaknesses in order to develop effective plans in response to the opportunities and threats in the education landscape. To enable higher education institutions to adapt to the changing education landscape and to become more competitive by being market-oriented and businesslike, they need knowledge about their market.

It is evident from the discussion in this chapter that higher education institutions are currently operating in an ever-changing market, facing strong competition. It is therefore essential for each institution to discover their customers' needs and develop marketing strategies based on these needs. Higher education institutions with knowledge of the opportunities and threats in their environment are better equipped to make decisions and developing more effective marketing mix strategies to ensure customer satisfaction. In the next chapter, higher education as a service will be discussed, as well as the marketing mix (7 Ps) strategies for higher education institutions.