A second-best solution to higher education challenges

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Abstract
Higher education educators are experiencing challenges and increasing pressure to ensure that graduates are employable. Some speculate that the lack of the right employment skills could contribute even more to the increase in unemployment, than does the global recession. There is a belief that a relationship exists between secondary education, tertiary education and industry, as role-players in providing the necessary skills-training for employment. This relationship seems to be linear, and when an imbalance in any of these environments occurs, it could potentially have an effect on the overall economic well-being of the specific country. This article explores the challenges experienced by higher education educators with regard to student employability. The theory of second best (Lipsey and Lancaster 1956) is introduced, as a possible solution to address the educational challenges. Intervention strategies are proposed, specifically from a marketing educator’s perspective.

Keywords: higher education, tertiary education, curriculum, theory of second best, marketing, employment skills

INTRODUCTION
Education is a public good that should be utilised to help build an educated workforce that can contribute to economic growth and prosperity. Investing in people, their skills and education, is important for inclusive growth and job creation; and this is also the key to the success of economies, societies and their citizens (Gurria 2012). The attention of education policy-makers and the international education community is not only on raising literacy levels and increasing access to education, but also on providing the skills required by the workforce (Jordaan 2009b, 380; Sharma 2013).
One concern lies in the adequacy of the educative process in preparing young people for their working life, and on the respective rights, responsibilities and duties of the educational system. In addition, providing education and training opportunities should ensure that the adult workforce has the skills that are needed: in the right amounts, and at the desired levels (Gleeson and Keep 2004, 37).

Many believe that a relationship exists between industry and secondary and tertiary education as role-players in contributing to an effective workforce (Gurria 2012; Jenvey 2012; MacGregor 2012; Sharma 2012; Smart, Kelly and Conant 1999, 212). Although there are differing views on this relationship, there is a common understanding that such a relationship does, in fact, exist. This relationship seems to be linear in nature; and therefore, when an imbalance in any of these environments occurs, it could potentially have an effect on the overall economic well-being of the specific country.

Higher education experts say that higher education institutions (HEIs) are facing increasing pressure to ensure that their graduates are employable (Sharma 2013). A central reality is the growing segments of the workforce that require advanced education, as it is offered at HEIs (MacGregor 2009). This implies that HEIs need to ensure that young people are equipped to succeed in the 21st century – because more than ever before, skills are driving economies and transforming people’s lives (Jordaan 2009b, 380; Millar 2012).

Some speculate that the lack of the right employment skills would contribute even more to the increase in unemployment, than the global recession did (Sharma 2013).

This article aims to explore the challenges currently experienced by educators at HEIs. Specific reference is made to the challenges that marketing educators are experiencing. The following objectives were identified to reach the aim of the study: (a) to describe the current challenges experienced by HEIs, and specifically marketing educators; (b) to uncover the reasons for these challenges occurring; (c) to identify a theory that could offer an explanation and a solution to the problem; and (d) to provide possible intervention strategies to address these challenges.

**CHALLENGES EXPERIENCED BY HIGHER EDUCATION INSTITUTIONS**

Currently, over 900 000 students are studying at 23 different public HEIs across South Africa. The South African government aims to achieve a participation rate in higher education of 23 per cent, which translates into 1.5 million enrolments, by 2030 (MacGregor 2012). The growing student numbers and access to higher education, especially for previously disadvantaged students, is the key to the South African government in overcoming past injustices and producing high-level skills to drive economic growth (MoE 2002).

This process of transformation highlights the first challenge for HEIs, where the institutions are expected to deliver the necessary graduates for social and economic development; since this is critical for the South African economy.
The second challenge for HEIs is to deliver graduates with higher and relevant skills to contribute to modern-based economies globally (Osborn 2012; Sharma 2012). Unfortunately, it is believed that there is a mismatch between the skills that economies need, and the level of skills held by graduates from HEIs (Jenvey 2012; Jordaan 2009b, 380). This mismatch aggravates graduate joblessness, which in turn creates rising concerns about graduate unemployment.

There is a growing awareness of the need to link education to employment (Sharma 2013; Wiese, Van Heerden and Jordaan 2010, 158); yet, there are differing opinions on when and where students should learn these employability skills (Dewitt 2012, 17). The general consensus of many authors is that HEIs have a major role to play in imparting employment skills to their students prior to graduation (Jenvey 2012; Millar 2012; Sharma 2012; Titus 2000, 226). This underscores the role of HEIs in preparing students for the world of work.

A recent study in South Africa confirms that knowledge, skills and the competencies of new graduates currently do not meet the expectations of employers (Du Preez and Fossey 2012, 347). The South African Graduates Development Association also admits that there is a skills mismatch; and this association claims that said mismatch is driven by a lack of career planning, guidance and management at schools, together with a lack of employment-attracting skills (Jenvey 2012).

There are various terms that are used for employment skills, namely: key skills, transferable skills, core skills and generic skills (Bridgstock 2009, 32; Pukelis and Pileikioniene 2010, 111). The skills obtained by students during their academic career can be placed into two broad categories, namely, technical and non-technical skills. Technical skills refer to subject-specific or content-specific knowledge that is relevant to a particular discipline, such as information technology, psychology or marketing (Cassidy 2006, 408). In other words, technical skills are those skills necessary for competent functioning within a particular discipline.

Non-technical skills, on the other hand, are those skills which could be deemed relevant across many different jobs or professions (Cassidy 2006, 408). Because of their relevance to professional functioning, non-technical skills are commonly referred to as employability skills. Employability skills are not job specific; rather, they cut horizontally across all industries and vertically across all jobs – from entry level to chief executive officer. These include basic skills (such as oral communication, reading and writing) and higher-order skills (such as learning skills and strategies, problem-solving and decision-making) (Pukelis and Pileikioniene 2010, 110).

For as long as societies continue to need more high-level skills, it is clear that having basic reading and writing skills will remain essential in the long term (Gurria 2012).

The reality (and another challenge for HEIs) is that the South African schooling system is not delivering learners who are adequately prepared for higher education in terms of basic reading, writing and communication skills (Van Zyl, Gravett and De Bruin 2012, 1095). This situation is putting pressure on HEIs to prepare students for participation in the economy, by having to ‘catch up’ in terms of basic skills that
should have been established at the secondary school level (Nel, Troskie-de Bruin and Bitzer 2009, 975; Van Schalkwyk, Young, Ruiters and Farmer 2012, 38).

Roseveare (in Sharma 2013) states that it is not just about matching skills and jobs, but rather about understanding the kind of economic environment needed to achieve a higher-skilled equilibrium. Dewitt (2012,17) supports this notion by stating that it does not matter how students receive their education, since career readiness requires students to have both academic and employability skills in today’s careers. This may explain why even though students have significant subject knowledge when they graduate, they may not be very effective in terms of performing their jobs, because they lack the necessary employability skills, such as reading and writing (Davis, Misra and Van Auken 2002, 218).

Thus far, the discussion has provided the challenges experienced by educators at HEIs in general. The attention is now turned to marketing educators in particular, and the challenges with which these educators are faced.

**CHALLENGES FACED BY MARKETING EDUCATORS**

Marketing educators are responsible for increasing the relevancy of the marketing discipline, in order to ensure value to both students and their prospective employers. As a result, marketing educators need to stay ahead of change and take a true leadership role in helping students to develop the business skills necessary for success (Smart et al 1999, 206). It is believed that the efficiency of higher education is determined by the cohesion between education and labour-market competencies (Pukelis and Pileicikiene 2010, 109).

In short, marketing educators should better understand and teach the practical considerations encountered by marketing practitioners, in order to achieve a closer link between marketing practice and the marketing curriculum (Jordaan 2009b, 387; Smart et al 1999, 206).

Unfortunately, one of the main challenges facing marketing educators is not the link between marketing practice and the marketing curriculum, but rather the need to address the gap between the current skills set of the marketing students and those skills expected from industry. It seems that despite the graduates’ contemporary marketing knowledge, industry members are beginning to question the quality level of the marketing graduates, and subsequently, the marketing degree, because graduates’ general (non-marketing) skills are inadequate.

There is thus a mismatch with industry expectations; and this leads to dissatisfaction with HEIs in general, and more specifically with the marketing departments that deliver these graduates.

Marketing educators have to face and address the challenges pertaining to the learners who lack basic skills, such as adequate reading and writing. Instead of focusing on developing students’ business skills, marketing educators are thus faced with this additional challenge of students who lack the basic entry-level reading and writing skills (MacGregor 2012). This has put marketing educators in a position...
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where they can no longer only focus on transferring the necessary marketing skills, since the under-preparedness of students entering the higher educational environment shows a lack of basic non-marketing skills.

A clear challenge facing marketing educators is thus to find the balance between the technical and non-technical skills. In addressing this challenge, it is essential to keep in mind that marketing educators, and many other academics, have not been pedagogically trained or educated to teach basic skills (Benear and Stavins 2007, 116). Currently, marketing educators’ major challenge is to deliver students to the market with the necessary marketing and non-marketing skills, and who can fully meet the requirements of industry and commerce.

The challenges experienced in the higher educational environment are partly institutional challenges; however, in reality, individual disciplines, such as marketing, are now bearing the burden of this challenge. This is mainly because industry expects marketing graduates to have acquired an acceptable minimum-skills level when leaving the HEI. The acceptable level of skills a graduate should have, and what exactly these skills should be, has been debated among academics and practitioners for some time.

However, when marketing departments deliver ‘under-prepared’ students to the market, this poses a reputation risk to the HEI’s image, to marketing degrees in general, as well as to those of individual marketing departments.

The above discussion has addressed the first objective of this article – by identifying the challenges experienced by HEIs in general, and marketing educators specifically. The discrepancy between what is taught in secondary school and what students are expected to know and do in higher education (Sharma 2013) suggests that there is a gap that warrants further discussion and exploration.

To understand and address the identified challenges, the second objective of the article is to uncover the main reasons that have contributed to the current situation.

REASONS FOR THE HIGHER EDUCATION CHALLENGES

Since the beginning of the post-apartheid era in 1994, the South African higher education system has expanded considerably, mainly due to the restructuring through policies like the National Plan for Higher Education (Ministry of Education 2002). Education policy in South Africa has been strongly influenced by the global demand for HEIs to become more responsive to the needs and expectations of industry, as well as to those of government and society, in order to ensure economic and social prosperity (Kruss 2004, 673).

In order for HEIs to deliver the much-needed graduates for social and economic development, and to deliver graduates with the appropriate skills set for the job market, the link between secondary and tertiary education needs to be in place. It is these building blocks (preparing on secondary level for tertiary level) that seem to be some of the main reasons contributing to the challenges experienced by HEIs (Masondo, Mahlangu and McLea 2010, 1). These issues will be further explained below.
South African education comprises a three-tier system divided into primary, secondary and tertiary education. A child may begin schooling with Grade 0, followed by grades 1 to 9, which are compulsory and classified as General Education and Training (GET). Grades 10, 11 and 12, referred to as Further Education and Training (FET), are non-compulsory (DoBE 2013).

The South African government introduced Outcomes Based Education (OBE) to the secondary schooling system in 1998. OBE is based on specific learning outcomes or skills, rather than on measuring inputs, allowing teachers the ability to develop their own teaching tools and materials (Bloch 2010b, 15; Ngubeni 2010, 13). The OBE system relies on environments that are rich with books, libraries, laboratories and Internet connections. What was believed to be an ideal reform model (with successful adoption in the United States, Hong Kong and Australia), has unfortunately failed to produce the desired and necessary results in South Africa.

This failure has been confirmed by several investigations, which have shown that secondary education in South Africa is comparable not only with that of the poorest in the world, but also with that of the poorest in Africa (Lewin and Sabates 2011, 3; Van der Berg and Spaull 2011, 1). Of the 50 countries tested in Grade 8 in mathematics and science, South Africa came last. Of the 40 countries tested in Grade 5 reading and literacy, South Africa also came last (Van der Berg and Spaull 2011, 1).

One of the factors cited for the unsatisfactory results is the lack of resources in many schools (Ngubeni 2010, 13).

The impact of the OBE system is evident in the statistics, revealing that more than five million learners have left school unable to read or write properly (Masondo et al 2010, 1). Since 2009, HEIs have been accepting the first learners who have completed their entire schooling, spread over 12 years in the OBE system. As anticipated, the OBE group showed poor transition from school to university, as is evident from the increased failure rates in key subjects, such as mathematics (Solomons 2011, 8).

This group also showed poor levels of basic skills, such as reading and writing; and, as a result, the OBE schooling system is considered one of the main reasons contributing to the current challenges experienced in a number of disciplines, including Marketing (Bloch 2010, 15).

Fuelling the challenge of underprepared learners – due to the OBE schooling system – is the further need to increase student access to higher education for it to be in line with the national goals. The successful completion of Grade 12 in South Africa leads to a matriculation certificate, which is required for students to be considered for entry to HEIs. Increasing access to higher education (participation is currently 20% with the target being 23%) is important to meet South Africa’s economic imperatives, and to be able to compete globally (Mdepa and Tshiwula 2012, 19).

With regard to access, the 2012 National Senior Certificate (Grade 12) pass rate was 73.9 per cent overall, with only 26.6 per cent qualifying for bachelor’s degree studies (Govender 2013).
The drive for increased access may thus be another reason why HEIs are experiencing challenges in delivering well-rounded graduates. With South Africa’s 23 public universities expected to take in a further 650 000 students over the next two decades, this would surely affect the resources available for skills development (MacGregor 2012). This is because with increased access, comes the essential academic infrastructure, which requires considerable financial resources. To date, the government’s financial support to the education sector has not addressed the growing need for upgrading and refurbishment (MacGregor 2012). It is worth noting that the government is in the process of implementing its infrastructural programme, where one of the 18 Strategic Integrated Projects (SIP 14) deals with the backlog in higher education infrastructure, for which over R12-billion has been budgeted.

Infrastructural development will, amongst other issues, focus on lecture rooms, student accommodation, libraries and laboratories, as well as information communications technology (ICT) connectivity (South African Government Information 2013). Unfortunately, SIP 14 does not consider increasing the much-needed human resources required to deal with the increased access and expected throughput of students.

Following increased access, HEIs are also expected to increase the throughput rates of students. This identifies another contributing factor to the current challenges facing HEIs. Statistics indicate that as many as 30 per cent of students enrolled in HEIs drop out in their first year, with another 20 per cent dropping out in the next two years (Letseka and Maile 2008, 5). Some believe that when the movement of students between institutions is taken into account, close to 50 per cent of undergraduates drop out – with some institutions’ rate being as high as 80 per cent (Macfarlane 2006).

The biggest factor cited for this drop-out is a lack of funding (Govender 2013). At this point, it is worth noting that government is assisting disadvantaged students through the National Student Financial Aid Scheme (NSFAS) to enhance success and throughput (Letseka and Maile 2008).

However, despite the access and financial assistance to support throughput, only 28 per cent of students on the NSFAS make it to graduation (Govender 2013). Another contributing factor to the high drop-out rates is the challenge of matching the large number of students, and the more diversified student bodies that are underprepared for higher education, with enhanced retention and success rates (Subotzky 2011, 25).

Unfortunately, HEIs will face the consequences of the OBE system, along with the consequences of the legacy of apartheid. These issues have put pressure on increased access and the throughput rates of HEIs (Jordaan and Wiese 2010, 539). It is for this reason that the third research objective of the article is to identify a theory that could offer a solution, in the interim, in an attempt to produce the much-needed and employable graduates.
THE THEORY OF SECOND BEST

In economic models, equilibrium conditions arise when producers and consumers collectively maximise their behaviour. Let us suppose that an economy operates under perfectly competitive conditions, with no market or government failures, no negative externalities in production or consumption, and no public goods. In such a situation, producers would be able to maximise their profits; consumers could maximise utility; and equilibrium would be achieved without any adjustment costs or under-employment of resources.

In this type of economy, the preferred government policy is a *laissez-faire* approach, and the resulting equilibrium is referred to as a first-best condition. This kind of market condition can be seen as the optimal economic condition, since there is no conceivable way of increasing economic efficiency any further (Bennear and Stavins 2007, 114). The universal agreement is that the government should be an instrument through which citizens engage in projects, like education, that manifestly improve their collective welfare.

However, real-world economic conditions are unlikely to be so perfect, since market and government failures are inevitable aspects of any economy.

As the majority of the schooling system operates within the public sphere, the under-preparedness of students for higher education may be considered an imperfection and could largely be classified as a government failure (Sawahel 2011). As soon as an imperfection or failure, such as the lack of sufficient schooling, is introduced into an optimal economic environment, the resulting equilibrium is less than optimal, reducing the level of national welfare.

From an economic perspective, this imperfection places the economy in disequilibrium; and the conditions or relationships that have to be satisfied need to be determined, in order to restore equilibrium once again (Gurria 2012). This disequilibrium can be addressed by introducing a second-best equilibrium condition, better described by the theory of second best as formulated by Lipsey and Lancaster (1956). Such a second-best condition arises whenever all the equilibrium conditions satisfying the optimal economic condition fail to occur simultaneously.

The theory of second best may provide insight into the role that educators, especially marketing educators, need to play in contributing to the South African economy. The principles of this theory have important implications for the understanding of potential interventions in situations where imperfections or government failures are being experienced.

In the current article, it is assumed that the lack of student readiness for higher education is a government failure; and this imperfection implies that the economy experiences a second-best equilibrium condition. The theory of second best posits that in the face of any imperfection, or when governments fail, it is possible to add another carefully designed ‘imperfection’, in order to improve economic efficiency (Suranovic 1999). We refer to this ‘imperfection’ as suggested intervention strategies.
This second imperfection (e.g., an adapted curriculum) might, therefore, correct the inefficiencies of the first imperfection (e.g., under-prepared students due to the OBE schooling system) to a greater degree than the inefficiencies caused by the second imperfection.

In other words, interventions that would reduce national welfare in the absence of imperfections could now improve welfare, when there are such imperfections present. Even though the potential intervention might not completely correct the imperfection, it could reduce the detrimental effects of that imperfection, thereby attaining a new and better equilibrium position in the economy.

A general rule for achieving a first-best equilibrium would be to use an intervention method that most directly addresses the existing imperfections.

Because a correction of the OBE schooling system in South Africa (the first imperfection) would only take effect in correcting the equilibrium over the very long term, a second imperfection is required, in order to reduce the detrimental effect of the first imperfection over the short term. It, therefore, seems as if the onus falls on HEIs, and in our case marketing educators, to implement this second imperfection.

The discussion and application of the theory of second best was introduced in an effort to provide a theoretical approach for the role of HEIs, and specifically marketing educators, in graduate success. The identified theory has addressed the third objective of the article, which stated that a theory should be identified that could provide a solution to the current problem being experienced. Attention is now turned to the last research objective, namely: to consider the role that marketing educators have to play in preparing marketing students for the world of work, while addressing the existing imperfection evident in the education environment.

**INTERVENTION STRATEGIES TO RESTORE EQUILIBRIUM**

In South Africa, many graduates cannot find employment; yet, the economy is facing major problems related to scarce skills. Employers see the responsibility for the development of employability skills lying with HEIs. In reviewing the literature, there is general consensus that a balance between the core curriculum of HEIs and the development of valuable skills should be found (Du Preez and Fossey 2012, 346).

With this in mind, and given that the primary aim of many undergraduate programmes is employability, then course development, delivery and assessment should include the development of employability skills as the major focus (Cassidy 2006, 509). The theory of second best states that it is possible to accommodate imperfections by adding another ‘imperfection’. Thus, by applying the theory, several intervention strategies could be proposed.

One intervention could be for marketing departments to add subject/s to their curricula, in order to address their student’s skills shortages. Such subjects could cover various topics, such as personal and professional development, managing personal finances, general writing skills, communication skills, and personal and
professional etiquette. The aim should be to equip students with some of the basic
(non-marketing or so-called non-technical) skills required of marketing graduates by
the industry, which seeks to employ them.

Unfortunately, such an intervention would create ‘new’ challenges for the academic
departments. One such challenge is that the undertaking of improving writing skills
and grammar-related aspects in marketing education requires substantial effort
on the part of marketing educators, which is not essentially the focus of their job
description (Du Preez and Fossey 2012, 347).

Another challenge is that the faculty members of the marketing departments
should now not only take on the role of researcher and marketing educator, but also
that of a teacher in basic skills. Marketing educators thus need to learn, explore,
understand and teach subjects for which they are not necessarily academically
qualified, or in which they are not necessarily educated.

Other intervention strategies could be to introduce foundation programmes,
intensifying tutor-driven models, or even increasing the length of degrees (MacGregor
2012). Marketing educators could also call upon the private sector to become more
involved in developing curricula, and in providing assistance by offering internships,
or some sort of work skills experience (Jordaan, Smithard and Burger 2009, 93;
Millar 2012).

Ideally, marketing educators and industry should become partners in addressing
the lack of skills; and they should work together to assist students’ development
to become market-ready (Jordaan 2009a, 109). To date, some businesses in South
Africa have developed their own training academies to supplement higher education
that fails to equip students with the skills needed to be effective in their jobs (Botha
2011, 16).

If HEIs and industry members could join forces to address the disequilibrium, the
combined impact might well be better than each of these acting in their own right –
to develop and implement second imperfections at random.

It is clear from the discussion in this section that marketing educators have an
important role to successfully prepare graduates for the market, but more importantly,
to deliver what the market expects, even if it is to transfer skills above and beyond
only marketing-related skills. However, despite the efforts of marketing educators to
improve the economic equilibrium by the implementation of a second imperfection
over the short term, it is important that the main focus should ultimately be on
addressing the initial imperfection (government failure) – in this case, the secondary
schooling system.

With the evidence to show that the OBE schooling system does not seem to be
adequately preparing learners for study at HEIs, it is comforting to know that the
South African government has recognised the shortcomings of the OBE schooling
system in 2010; and replaced it with a new system, called Schooling 2025 (Butler
2010, 5).
CONCLUSION

HEIs function within national boundaries and should serve local, regional and national interests. The current disequilibrium between the inadequate schooling system and the needs of industry should be addressed by HEIs, considering that the role of higher education is to fill skilled manpower gaps. It is worth noting again that the South African government has introduced a new school curriculum to address this shortcoming (Butler 2010, 5). Even though this is encouraging, the positive impact of the new school curriculum will only be evident in 12 years, leaving marketing educators to fend for themselves until then.

The aim of marketing departments at HEIs has always been to deliver well-rounded students (products) to the market; and the current situation has led to great concern in terms of the quality level (or lack thereof) that industry might attach to marketing degrees. If current teaching methods and curricula are inadequate to deliver the desired outcomes, irrespective of the reason for the mismatch, intervention strategies are desperately needed.

This may signal that the most important skill for both graduates and educators could well be adaptability – in an attempt to direct the economy in general, and the educational system specifically, towards a first-best equilibrium.

The article has discussed the application of Lipsey and Lancaster’s (1956) theory of second best in possibly addressing some of the current challenges that are being experienced in higher education. However, the theory of second best is merely an interim solution to provide short-term solutions, whilst the longer-term solution is being discussed and deliberated.

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MoE see Ministry of Education.


