

RESEARCH ARTICLE

Becoming more private: Broadening the base of South African higher education

Ukuba ngabucala ngakumbi: Ukwandisa isiseko semfundo ephakamileyo yaseMzantsi Afrika

Ahmed Bawa¹ & Linda Meyer²

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ABSTRACT

In an era marked by declining government funding for tertiary education, the South African PSET sector faces an existential crisis. The silo-fication of the system means that the options available to the growing demographic of youth entering post-secondary education are limited. This article explores how reduced government funding has strained public universities, leading to widespread student protests, increased dropout rates, and compromised educational quality. Our focus in this article is on the role of private higher education and, in its own right, collaborating with other parts of the PSET sector. What is needed is an HE system that facilitates much more coordination and collaboration, and for the components of the PSET sector to find ways of working together to create a coherent, integrated network to produce maximal learning opportunities for students and to support the objectives of the NQF Act. This article serves as a call for policymakers, educational leaders, government, and stakeholders to recognise and leverage the growth capacity of private higher education in shaping a resilient, integrated, and future-proof PSET sector in South Africa.

KEYWORDS

Private higher education, public higher education, post-school education and training (PSET) sector, higher education funding, National Qualifications Framework (NQF), enrolment planning, educational inequality, lifelong learning, public-private partnerships

ISISHWANKATHELO

Kwixesha elibonakalisa ukwehla kwenkxaso-mali karhulumente kwiziko lezemfundo ephakamileyo icandelo lemfundo nengqeqesho emva kwesikolo lijongene nengxaki ekhoyo. Ukwahlukahluhana kwenkqubo kuthetha ukuthi ukwanda kwamanani olutsha olungena kwimfundo elandela eyamabanga aphakamileyo lunemida engakwazi ukudlulela kuyo xa kufikwa kwimikhetho ebekwa phambi kwabo. Eli nqaku liphonononga indlela ukuncitshiswa kwenkxaso-mali karhulumente ethe yabeka ngayo uxinzelelo kwiidyunivesithi zikawonke-wonke, nto leyo ikhokelele kuqhankqalazo

1 Prof. Ahmed Bawa, Professor: Johannesburg Business School, South Africa. Email: acbawa@gmail.co.za. ORCID: 0000-0002-5889-5295

2 Dr Linda Meyer, Managing Director, IIE Rosebank College, Johannesburg, South Africa; Rosebank International University College, Accra, Ghana. Email: lmeyer@rosebankcollege.co.za. ORCID: 0009-0004-9909-7785

Iwabafundi oluxhaphakileyo, ukunyuka kwezinga labo bathi bayeke phakathi bengekagqibi esikolweni nokuthotywa komgangatho wemfundo. Ugxininiso lwethu kweli nqaku lukwindima yemfundo ephakamileyo yabucala, nokusebenzisana namanye amacandelo ecandelo lemfundo nengqeqesho emva kwesikolo ngokwalo. Into efunekayo yinkqubo yemfundo ephakamileyo eququzelela ngakumbi ulungelelwaniso nentsebenziswano kunye nokuba amacandelo ecandelo lemfundo nengqeqesho emva kwesikolo afumane iindlela zokusebenzisana ukudala uthungelwano oluhambelanayo noludibeneyo ukuvelisa amathuba okufunda angawona aphezulu kubafundi kwaye axhasa iinjongo zomthetho woHlaka lweZiqinisekiso zeSizwe. Eli nqaku lihlabathi ikhwelo kubaqulunqi bomgaqo-nkqubo, iinkokheli zemfundo, urhulumente kunye nabachaphazelekayo ukuba baqaphele kwaye basebenzise amandla okukhula kwemfundo ephakamileyo yabucala ekubumbeni icandelo lemfundo nengqeqesho emva kwesikolo elomeleleyo, elihlanganisiweyo nelinobungqina bexesha elizayo eMzantsi Afrika.

AMAGAMA ANGUNDOQO

Imfundo ephakamileyo yabucala, imfundo ephakamileyo yoluntu, icandelo lemfundo nengqeqesho emva kwesikolo (PSET), uxhaso lwemfundo ephakamileyo, uHlaka lweZiqinisekiso zeSizwe (NQF), ucwangciso lokufaka abafundi, ukungalingani kwimfundo, ufundo lobomi bonke, ubudlelwane phakathi kukarhulumente nemibutho yabucala

Introduction

By 2022, South Africa had approximately 1.1 million students in public universities (CHE, 2024); 241 667 in private higher education institutions; 518 584 in public technical and vocational education colleges (TVET); 71 856 in private colleges; 130 752 in community education and training colleges (CETC), with a total of about 2.1 million in post-school education (Wills et al., 2024). Approximately 15.5 million young South Africans are between the ages of 10 and 25. On the one hand, this burgeoning demographic presents a conundrum: the necessity to accommodate these individuals in a post-secondary education system faced with diminishing funding at a time of declining public resources. On the other hand, it provides an opportunity for a developmental state that navigates through a post-1994 period with an adolescent democracy, stagnant economy, and myriad socio-economic challenges to capture what has become known as the demographic dividend. The work that led up to the Reconstruction and Development Programme understood the centrality of the need for an education system that directly addressed the ravages of Apartheid education and simultaneously laid the foundation for the transition to a knowledge-based economy and society. It is well established that institutions of higher learning are fundamental to the functioning of multilayered democracies and economies. As Hanushek and Woessmann (2015) conclude, after exhaustive studies in Latin America and Asia, sustained economic growth depends on creating a national, broad-based reservoir of cognitive skills. In this sense, universities and institutions that offer higher education are social institutions created and sustained by societies. In this context, it is worth noting that 6% of South Africa's population has a degree compared to 38% in the USA, 36% in Germany and 56% in Japan (OECD, 2024).

Unsurprisingly, the National Development Plan (Republic of South Africa, 2012) signposted for 2030 a target of 30% for the participation rate of 18–24-year-olds in higher education. In 2023, the participation rate languished at about 22%. This percentage represents a gap of more than half a million additional students in the HE system. South Africa's participation rate is significantly the lowest amongst its BRICS counterparts. Between 1994 and 2024, the participation rate grew from about 14% to 23%, whereas in China, the participation rate grew between 1990 and 2024 from 6% to more than 60%. The fact that graduate unemployment is at the level of about 10% – which is considerably lower than the general unemployment rate of more than 30% – is evidence that graduates are absorbed in what is a sluggish economy.

Regarding the current model of provision, the NDP target is no longer feasible. Within the current paradigm of enrolment planning and higher education funding, the public higher education system operates very much at capacity. There is minimal public fiscal space for the construction of physical facilities to expand access to the extent required, notwithstanding the announcement in 2023–2024 of plans for two new universities. Considering the plethora of other challenges facing South Africa's universities, such as stagnant state funding, insufficient student tuition funding and unacceptably high dropout rates, much has yet to be achieved to address the challenge of significantly widening access. If South Africa is to see the knowledge society as a key lever of its developmental agenda, then it has to find ways to build participation in post-school education towards the 50% mark. Structural, policy and fiscal constraints prevent any significant progress towards this target. It is also a failure of imagination, the apparent incapability to produce new solutions in the face of these constraints.

The burgeoning role of private higher education as part of the solution to this conundrum is already evidenced by the fact that the sector now accounts for close to 30% of the overall enrolment in higher education in South Africa. While public higher education enrolments have not increased over the last 5 years, private higher education between 2018 and 2022 grew by 17%. The key argument of this article is that consideration should be given to creating conditions that would allow private higher education institutions to grow sustainably. If this is the case, what does it mean for the future of private HE, its relationship with public HE and the future of access to higher education? Does this open up channels for rethinking how a differentiated, articulated PSET sector may be constituted and the philosophical underpinnings of such a system?

Tracking the dynamics of the growing influence of the private higher education institution sector (PHEI) and revisiting the ecosystem within which it operates provides insights into the potential of this sector to play a more decisive role in changing the trajectory of higher education access and thereby address the influence of higher education on South Africa's development imaginary. Improving access to higher education is a significant conundrum as South Africa heads into the fourth decade of its post-Apartheid journey.

The existing PSET landscape

The current PSET infrastructure comprises public universities, private higher education institutions, public and private technical and vocational education and training (TVET) colleges and community education and training (CET) colleges (CHE, 2023). These entities operate in isolation and are seemingly detached from the basic education sector. Consequently, the system is characterised by fragmented and compartmentalised components, which are not ideal for meeting the needs of a more flexible labour market or the challenges posed by the youth demographic surge. The issue is compounded by the historic preference of the university as a destination for students entering the PSET sector. Compared to countries like Germany and the USA, which have a robust TVET sector (Van Damme, 2023), the TVET sector in South Africa is under-imagined and therefore underfunded, under-resourced and underpopulated. In a cruel interpretation, it is an education sub-system conceived of as being necessary to fill a gap in the provision of post-school education and training; for students who have completed the National Senior Certificate but do not qualify for entry to a university education. On the one hand, the National Certificate Vocational (NCV) addresses the needs of young South Africans who were failed by the basic education system. On the other hand, the other qualifications offered by the TVET sector are aimed primarily at students who would have preferred to have taken up HE studies. Not surprisingly, this supply-side approach to the TVET sector critically stymies the organic development of company partnerships.

The public PSET system suffers from what might be referred to as an inverted pyramid, with more students in the HE sector than in the TVET sector and with an extraordinarily small CET sector. In the context of a substantial unemployment rate, hovering at about the 30% level, the CET sector should in effect be a very substantial system providing ongoing opportunities for skills development and alternative routes into the TVET and HE sectors at the local level.

While participation in the public higher education sector has been stagnant for the last 4 to 5 years at 21-23%, the private HE system in South Africa is growing at 6% per annum. It currently accommodates nearly 30% of the students in higher education study programmes in South Africa (CHE, 2023).

International perspectives on private higher education

Even before the current crisis that has beset universities in the USA, in *The University in Ruins* (1999), Bill Readings eloquently plotted out the pressures that have been brought to bear on North American research universities (both public and private) by globalisation and its many and varied instruments. In particular, Readings argues that there has been a fundamental shift away from the original purpose of universities in building the character of the nation-state towards the idea of universities as instruments of globalisation. The most important shift, particularly regarding public universities, has been the impact of new funding models that have forced universities to seek local and global markets. The risk-laden dependence of universities in the United Kingdom and Australia on international students for their very existence is an example of the ways in which these funding models impact their core purposes. In the *Death of the Public University* (2017), Wright and Shore

present a grim outlook in their description of the current state of public universities in the United Kingdom, New Zealand, and Denmark.

The for-profit higher education sector has not been without its controversies and challenges, the brunt of which often falls on the students. To illustrate this, a single example will be considered, albeit not representative of the entire international private higher education sector. The University of Phoenix (Schwartz, 2023) once dominated the online college market, boasting over 470 000 students. However, in 2019, it was compelled to reimburse USD191 million to the Federal Trade Commission. The institution was held accountable for disseminating numerous advertisements containing erroneous assertions, lowering the bar to entry and luring unsuspecting students into loans and debt. These advertisements insinuated that students enrolled in their – often two-year programmes – would seamlessly transition from course completion to securing lucrative positions with prestigious companies such as Microsoft and Google. Frequently, the programmes offered were of dubious quality, and over an eight-year period, graduation rates were between 27 and 51%. Today, it has been bought out by the University of Idaho, which is looking to expand its online offering. This example, even though extreme, in the context of the rising costs of post-school education for students and families, suggests the increasing prominence of private education as a means to generate revenue in a notably constrained sector. Considering this, it is essential to examine the extent to which the experiences outlined by Wright and Shore are mirrored within the context of private higher education in South Africa.

It should be acknowledged here that the funding model of public higher education in parts of the world, such as the UK, has, in essence, led to those institutions operating as private HE institutions (Czerniewicz & Cronin, 2023). This predicament primarily stems from an unrelenting decline in state funding for higher education, akin to the situation in South Africa. In South Africa, there is an additional twist. The Centre for Risk Analysis points out that the state subsidy to universities stands at 30.8% (ZAR44 billion) of the DHET budget at a time when the National Students Financial Aid System (NSFAS) budget is at 41.2% (ZAR51 billion) (CRA, 2024, p. 5). In the context of the sluggish economy, resources have been siphoned away from the FTE-based student subsidy system into the student grant system. According to Wright and Shore (2019, pp. 3-6), the unanticipated ramifications of the funding reduction have reverberated throughout the academic sector, engendering a series of radical measures, neoliberal reforms; profiteering from tax-funded student loans; instrumentalist expectations of universities to align their offerings with market needs; and global economic pressures. These consequences have led to research on the very idea of the purpose of universities (Badat, 2025; Bawa & Boulton, 2024). If nothing else, these new funding models influence the ways in which universities increasingly consider students as consumers and thereby constrain their relationship with universities.

Unlike South Africa, where NSFAS offers protection for the poorest students, some countries have primarily shifted the cost burden onto the student. In the USA alone, student debt stands at USD1.75 trillion, with USD28 950 owed on average by each student at public and private institutions (Hahn, 2023). Quintana (2023), writing for

USA Today and drawing on federal data, indicates that the average debt of graduates of public four-year institutions was about USD26 100, slightly lower than the average USD29 000 debt of graduates of private for-profit universities. The average debt of graduates of not-for-profit private institutions was higher at USD35 700. Consequently, students face increased financial commitments and often find themselves ensnared in a debt trap. Historically, within the realm of higher education in the United States, there prevailed a belief that despite the accumulation of debt upon completing one's studies, such financial obligations would be settled by one's early thirties. Subsequently, an individual's earning trajectory was expected to experience a considerable upswing. However, the validity of this perception is increasingly being called into question. As Hahn (2023) points out, the highest levels of student debt belong to the 62 and over age group, who still owe, on average, USD49 375.³

Moreover, alongside this reduction in state spending has been the notable emergence of audit culture within public institutions globally. One symptom of this has been the implementation of performance measures that negatively impact the overall productivity of universities. These performance measures are also linked to the perceived importance of global rankings and the rise of internal measures that are most often described as serving to boost efficiency. In reality, these measures are usually linked to the rise of crass managerialism in the context of the rise of audit culture and neoliberalism (Bawa & Boulton, 2024). Another dimension in this trend is the rise of administrators. One sees the proliferation of administrators "devoted to marketing, diversity, disability, sustainability, security, environmental health, recruiting, technology and fundraising, and added new majors and graduate and athletics programs, satellite campuses, and conference centres" (Marcus, 2014, p. 6). According to Delluci et al. (2021, p. 5), there was a 452% rise in non-academic professional ("librarians, curators, and archivists; student and academic affairs and other education services") numbers between 1978 and 2018; far exceeding that of faculty over the same period. In South Africa, the national profile of university staffing demonstrates this, with more than 60% of total employment in the public HE sector now comprised of administrators and other non-academic staff (CHE, 2023). Moreover, as faculty numbers decline, their composition also changes, with permanent staff being increasingly replaced by part-time staff. Of most concern globally has been the rising impact of the gig-economy on university teaching. In the USA, for instance, slightly more than 20% of teaching staff are on a tenure track. In South Africa, in 2021 permanent staff made up 38% of the total academic staff. (CHE, 2023, p. 77). These developments further exacerbate the challenges faced by public universities in these nations.

In many respects, the unbundling of universities is a symptom of a shift in the business model of public universities (Czerniewicz, 2018). For Wright and Shore, new funding models have brought about the slide towards privatising public universities in the countries they reviewed, concomitantly reshaping their relationship to their societies. Beginning with the

3 This state of affairs has revived the debate on whether higher education is a common or a private good (for more on which, see Badat (2024) and Bawa and Boulton (2024)). A question that will be addressed later in this article.

need to become increasingly entrepreneurial, one observes the growing consumerisation of higher education. Depending on the funding model, universities approach their funding challenges in different ways. In the UK, for instance, the scramble is for international students who pay three times more in tuition fees than local students and are an essential commodity (Czerniewicz & Cronin, 2023). In essence, international students, many of whom are from poor nations, subsidise local students. Other universities aim to increase third-stream income of the kind that feeds back into the core operating budgets. The vast bulk of third-stream income is project-driven and therefore has little impact on the viability of universities. In the UK, coupled with a lack of legislation, “public higher education in England is thus being stealthily privatised – either through taxpayer-funded risk-free capitalism or by asset stripping – as global capital seeks out new sources of revenue and investment” (Czerniewicz & Cronin, 2023, p. 15). Because there are many moving parts in any higher education system, there are many ways in which these parts can be used to generate revenue. Instruments of globalisation, rankings, branding, outsourcing, etc, provide the infrastructure for this new form of higher education economics.

The funding dilemma in South African higher education

The DHET recognises the challenges it faces, particularly in terms of funding and financial sustainability:

South Africa generally spends less on tertiary education compared to many other countries. For example, in 2017, South Africa’s spending on tertiary education was 0.9% of its GDP, which was below the 1% recommended by the Commission of Inquiry into Higher Education. (DHET, 2021, p. 16)

The subsidy per full-time equivalent (FTE) has been relatively stagnant over this period. There are four reasons for this. First is slow but steady growth in students. University enrolment has more than doubled, from 495 348 in 1994 to 1 094 808 in 2020 (Cloete, 2024). Second is the growth in non-subsidy activities of the Ministry of Higher Education and Training, even though some may be directed at improving universities through centralised, ‘earmarked’ funding. Third is the higher education price index, which is consistently above CPI, and which does not feature in the way in which national budgetary allocations are made to higher education. Fourth is adopting the new NSFAS student funding model in December 2017, significantly impacting the state’s subsidy funding to universities. In addition, burgeoning student debt, confirmed at a staggering ZAR16.5 billion in 2021 by the Director-General of the DHET to the Parliamentary Portfolio Committee (PMG, 2023), poses a significant financial risk for South African public universities, threatening to undermine their financial stability and academic programmes.

Investing in higher education is crucial for equipping a significant demographic with the skills necessary for employment and enhancing the nation’s economic trajectory. The estimates of national expenditure detail a cabinet-sanctioned reduction of ZAR1.8 billion from the 2023 baseline to bolster Early Childhood Development (ECD), predominantly at the expense of university infrastructure grants, reducing that budget from ZAR3.5 billion in the previous year to a mere ZAR673 million, as reported by Sachs et al. (2023).

As pointed out elsewhere (Fish & Meyer, 2023), it is all the more ironic that since the 2000 publication of *Higher Education in Developing Countries: Peril and Promise* by the World Bank (The Task Force on Higher Education and Society, 2000), it has been a common cause that higher education offers the highest return on investment for any country. A more recent publication (World Bank Group, 2014) highlights explicitly the return-on-investment (ROI) for the sub-Saharan region: there was

an estimated 17% increase in earnings as compared with 10% for primary and 7% for secondary education. These high returns are even greater and more significant in Sub-Saharan Africa, with an estimated 21% increase in earnings for tertiary education graduates.

The IHME-CHAIN Collaborators' (2024) findings for the benefit of higher education are even more impressive. Their study underscores the importance of education as a key determinant of adult longevity and highlights the potential for education-focused interventions to improve population health and reduce health inequalities (IHME-CHAIN, 2024, p. 9). The study emphasises the need for international commitment and continued investment in higher educational institutions worldwide to counteract growing disparities in mortality. It also stresses the importance of applying the proportionate universalism principle to investments in education to address existing and increasing health inequalities.

So far, this article has reported on the decrease in available funding for higher education globally, which has forced global higher education to find ways to manage new funding regimes. Funding challenges come in different forms, and instances of privatisation (at least of aspects of the university) have increased to meet the fiscal crunch. South African public universities are not exempt from these pressures and responses, which in turn are likely to reshape the concept of public higher education and, in particular, to inform how to revitalise, reshape, and reimagine their role as a public good and in producing public goods.

History and profile of the private HE sector in South Africa

The historical chronicle of private higher education in South Africa is essentially the story of higher education itself. The earlier history of higher education in South Africa emerged from initiatives and funding support for private entities. In some cases, such as in the founding stages of the University of Natal, the local city government played an important role. It was only at subsequent points that governmental intervention and funding were introduced, mainly due to the realisation that these establishments served a purpose beneficial, in one way or another, to the state's interests. "The roots of higher education in South Africa date back to 1829 with the founding of the South African College in Cape Town, a private college with its board of Directors and individual 'shareholders'" (Mabizela, 2002, p. 5).

The notion that government intentionally constructed these establishments to ensure skills development in a rapidly expanding nation is contradicted by the historical reality of the pioneering role of private higher education in each instance. The government had to catch up, allocate finances, and exercise greater control as it deemed appropriate. In 1940, for example, ML Sultan donated ZAR25 000 towards the founding of a technical college

that was to be named after him. In 1946, the government recognised it as a technical college and granted it ZAR11 770 (Mabizela, 2002, p. 9). A racial bias favouring institutions offering higher degrees soon became apparent. Although black people would only be officially banned from participation in ‘white universities’ in 1959, it was clear early on that some of these university colleges were to be white bastions.

Several factors can be attributed to private higher education’s persistence and quiet flourishing after the 1959 *Extension of University Education Act*.⁴ According to the DHET, in 2001, there were 93 728 students enrolled in PHEIs. The new institutions differed from their early private counterparts in terms of their for-profit status. By 2023, their enrolment numbers had grown to 286 454, representing an average annual increase of 9.9% since 2022 (DHET, 2025). The government’s heightened scrutiny of newly established university colleges primarily contributed to this phenomenon. This helped to address the perceptions that private higher education offered less academically rigorous qualifications, favoured vocation-oriented diplomas instead, and catered to a predominantly black student base (Mabizela, 2002).

The Higher Education Act of 1997 marked a pivotal moment in recognising private institutions within a policy and legal framework that included institutional registration and programme accreditation parameters. It was not merely an acknowledgement but rather an expectation that these institutions would adhere to standards comparable to those of their public counterparts and be subjected to equivalent policy scrutiny. Nevertheless, the underlying axiom persists, due to its private funding, private education frequently evades the onslaught of policies beleaguering public higher education. It remains more answerable to its shareholders than to the government. This does not imply that, following the 1994 elections and sporadically thereafter, PHEIs have not required government intervention. Indeed, over the years, there have been mostly diminutive educational establishments presenting a plethora of inferior courses to unsuspecting pupils. Consequently, these students have been frequently left bereft of any education or subjected to substandard instruction, having essentially been swindled by said institutions. It is worth noting that the DHET is generally unrelenting in pursuing and ultimately shutting down these criminal establishments (Muia, 2024).

Compliance and PHEIs

There is a misnomer that PHEIs are subject to less rigorous checks and balances than their public counterparts. PHEIs are subject to regulations for accreditation and programme approval under the jurisdiction of the Council on Higher Education, qualification registration by SAQA on the National Qualifications Framework and licensing requirements enforced by the DHET. PHEIs are further subjected to annual reporting to the DHET and regular review cycles with the CHE. These DHET Annual PHEI reports, subsequently aggregated, ascertain compliance whilst identifying areas of concern both broadly and within specific institutions for requisite action. As the foreword to the consolidated 2025 DHET report on PHEIs attests:

4 Act number 45 of 1959, which also formalised Apartheid’s higher education imaginary.

There was a 95% level of compliance with the stipulated requirements for annual reporting. The most common areas of non-compliance were the submission of the financial guarantee and financial statements, followed by confirmation by SAQA on programmes registered on the NQF, the NLRD, and the record of Directors as issued by CIPC. However, and most importantly, the number of Institutions that fail to comply has significantly dropped from the previous years. (DHET, 2025, p. 18)

The *Annual Report on the Compliance of Private Higher Education Institutions with Regulations* (DHET, 2025) serves two functions. The first is to assess the compliance of 125 PHEIs as measured against a set of criteria. The second is to aggregate that information into a composite picture of the private sector.

Of the 286 454 students in the PHEI sector in 2023, there was a healthy growth of 6.3%, an average maintained over the previous seven years. The race composition within the student population, while not representative of the national demographic, presents a relatively balanced distribution, with black African individuals comprising 63%, those of coloured descent at 9%, Indians representing 7%, and whites constituting 15%. Of the total 286 454 students, 15 965 students hail from the rest of Africa and beyond (DHET, 2025).

One of the most remarkable findings in these statistics lies in the revelation that over the preceding 11 years, the proportion of females has experienced an upsurge, growing at about 6% per annum: “the main growth in the PHE sector has been among African females” (DHET, 2023c, p. 25). The most significant expansion within the female population is observed amongst black Africans – a striking exhibition of gender and racial transformation. While the figure closely mirrors the gender percentage within the PSET sector (approximately 61.4%), the trajectory of private institutions demonstrates a persistent increase in female representation. This growth occurs despite a decline of 10 202 in female enrolments within the PSET sector during the same year (DHET, 2023b, p. 5). Possible reasons for this could be that private institutions often market themselves as providing high-quality education, focusing on smaller class sizes, better facilities, and more individualised attention. This reputation can particularly appeal to female students who prioritise a supportive and safe educational environment. Safety concerns are a significant factor for female students when choosing an institution. Private universities may offer more secure campuses and a safer overall environment, which can be a decisive factor for parents and students.

In 2021, the majority of students were enrolled in programmes offering bachelor’s degrees, followed by diplomas and higher certificates. In total, 76.4% of students in the PHEI sector studied business, commerce, and management. Physical planning, construction, agriculture, and nature conservation were the least popular areas. That same year, 54 551 students graduated from these institutions (DHET, 2023a, p. 32).

The demand for HE

There are several key drivers for the growth of higher education in South Africa. The developmental state’s priority is shifting its economy from a primary, extractive base to a knowledge-based economy; hence, its continued focus is on building a growing PSET

system. It is central to building the necessary knowledge and human capacities for such a complex transformation of its economy. As has been mentioned earlier, several studies explicitly show the importance of universities in constructing such economies. Second, HE remains a key driver of social mobility in one of the world's most unequal societies, which is partially why it is such a contested terrain. Third, South Africa, like other parts of the African continent, is experiencing a demographic youth bulge, which will continue to pressure the sector's growth. Fourth, universities are engines of development and growth. Societies need them to produce experts, professionals, artists, etc. And fifth, broad-based HE is essential to the functioning of complex, multilayered democracies and the continuing project of nation-building. Higher education institutions are essential to the national project of producing an educated/educating populace. The question is whether these are the prerogative of public higher education institutions or whether the private for-profit sector also plays these roles.

There are significant, multidimensional questions about the size and shape of the PSET sector. For instance, the current size of the TVET sector compared to the HE sector is sometimes described as an inverted pyramid, which has to be righted. In the context of the extraordinarily high unemployment rates in South Africa, the CET sector is minuscule; it is a gaping hole in the PSET sector. According to the DHET (2024), "In 2022, enrolment in CET colleges was 130,752, which represents an 8.6% (12,279) decline compared to the 143,031 enrolments in 2021". There are also questions about the undergraduate–postgraduate mix of the HE sector and the spread across different knowledge domains.

The enrolment planning process that universities and DHET engage in is driven primarily by three factors: (1) the capacity (both physical and human) of universities, (2) labour market demands, and (3) the subsidy affordability condition that the state must meet. Notwithstanding the importance of the first two, the last of these is the key driver restricting growth in the public HE system. This is an affordability issue. The growth capacity of the public HE system is tightly constrained.

What growth model options are available? There are many, and they should be considered to act in concert with each other. First, revisiting the inverted pyramid is one approach that broadens the PSET sector's base, leading to greater access by ensuring that it is the least expensive part of the sector that grows (Bawa, 2013). To maximise the impact of this approach may have far-reaching implications for the structure of the PSET system, such as the possible construction of new institutional types that structurally link the colleges and universities with qualifications designed for articulation (Bawa, 2013). Second, among the many lessons learned from the COVID-19 pandemic experience is that modalities of delivery are many and fluid depending on circumstances, and these are potentially able to reshape the costing structures of delivery through the use of technology on the one hand and the idea of flexible use of physical infrastructure on the other hand. Third, we are at the dawn of the emergence of new approaches to lifelong learning, including the expanded building of MOOCs, micro-credentialing, the fusion of learning across different platforms, etc.

In some sense, this could be the counterproof to Kenneth Rogoff's (2018) observation that while universities have been exceptional in producing disruption in other industrial

sectors, they've been hopeless at disrupting themselves. In the South African context, as is the case in other parts of the continent, one of the key opportunities to develop access to the extent that it would have a significant impact on the HE participation rate could be revisiting the potential and organisation of private higher education as an integral and integrated part of the national PSET system and in particular, its folding into the enrolment planning processes.

The public good role of private higher education

It is argued that public universities are a public good, and they produce public goods (Stiglitz, 1999). They are a public good in the sense that they contribute to the strengthening of democracy, nation-building, and the production of a better-educated populace. They are the places where graduates are taught to engage in honest, tolerant intellectual encounters. However, these institutions also produce public goods, such as new knowledge and graduates who serve society as intellectuals, professionals, artists, and experts. Needless to say, they also produce private goods in the sense that graduates are afforded the opportunity to earn better salaries and attain a better quality of life. Whether universities perceive themselves as fulfilling these roles currently is questionable, primarily due to the kinds of changes they have undergone. Recently, Bawa and Boulton (2024) have argued that universities need to return to their public good fabric.

What about the for-profit private higher education sector? The common assertion that private higher education serves as a private good in the sense that shareholder interests drive it is indeed correct. Ultimately, the financial bottom line is the acid test of its success and its sustainability. However, private higher education in the South African context is subjected to the same kinds of programme accreditation processes of the Council on Higher Education as their public counterparts; the programmes and qualifications offered there must satisfy the expected outcomes. Graduates of these institutions serve society in the same way as graduates of public institutions, and it is clear, on that score, that even though they serve shareholder interests, PHEIs produce public goods to the benefit of all of society. The same may be said of the research produced by these institutions, as limited as that may be at the current time. The regulatory framework requires them to play this role.

The commitment to reforms aligned with the academic priorities captured in the *Higher Education Act* of 1997, which in turn are built into CHE's processes, is crucial to safeguarding the interests of current and future students and serving as a cornerstone for an integrated higher education system that includes both public and private institutions (CHE, 2023). Closely aligned with this understanding, Czerniewicz and Cronin (2023) focus on the public good produced within the halls of the university dedicated to fostering an educational environment that serves the broader interests of society, promotes inclusive and diverse knowledge, and is committed to long-term, sustainable and ethical practices. This vision for higher education is a response to contemporary challenges, including the aggressive use of social media in furthering misinformation and disinformation and the rise of right-wing ideologies, by providing a framework for education that emphasises collective well-being, ethical engagement, and social justice.

A familiar chaos ensues at public higher education institutions at the commencement of every academic year and the opening of in-person registration. Higher education institutions are inundated with a deluge of student applications that significantly surpass available space. In 2024, 337 158 National Senior Certificate students matriculated with a bachelor's pass and another 188 748 with a diploma pass, adding up to just under 526 000 students who achieved the minimum requirement for entry into higher education. But the total number of places available for first-time entering (FTEN) students in the public higher education system was 202 000, while the public TVET sector had places for approximately 170 000; a total of 372 000. This number represents a growing disjuncture between supply and demand for post-school education and training in the public realm. The crux of the issue lies in the fact that the demand for public higher education has exceeded its limited capacity.

Clearly, this supply-demand tension, and its resolution, is complex and must be dealt with through multiple approaches, as described above. One key approach must be to strengthen the role of private higher education to address this conundrum. With 124 accredited private higher education institutions and enrolments growing at a rate of about 6% per annum, this sector presents an interesting and compelling opportunity to increase the participation rate of 18–24-year-olds in higher education.

Agility in response to labour market shifts

The prevailing notion suggests a distinct demarcation between private and public higher education institutions; however, this has not always been the case. In the early 1960s, the Institute for Marketing Management (IMM) collaborated with public universities by offering portions of their programmes (Mabizela, 2002, p. 13), particularly in disciplines such as marketing, where public institutions may have lacked the requisite capacity at the time. These kinds of partnerships were shaped along strict business lines, with the private institutes being paid for the courses they taught, and the public institutions receiving fees and subsidy income for the registered students. In some cases, the outsourced teaching was done by staff members who set up institutes to provide these services to more than one public institution, primarily in areas of scarce skills like accounting.

IMM's pioneering marketing education exemplifies the agility of PHEIs in exploring disciplines that may not be fully developed in the public sector. Presently, PHEIs have introduced programmes and qualifications in such fields, playing an important role that public universities may not be able to enter because of financial and other constraints, at a time when cross-subsidisation between faculties at public universities is frowned upon. Advertising, film, and television are examples of areas that have unsatisfied demand within the broader market.

The main distinction between public and private education is that private education must be demand-led to be a sustainable enterprise. This means that private for-profit institutions are unlikely to embark on teaching enterprises that society may need but are not easily profit-generating. Private education aims to anticipate and meet future educational needs, as long as these make business sense. If not, taking them up is left to public institutions. This is why a national higher education system should foster both

forms of higher education provision. A society without space for undergraduate and postgraduate explorations of theoretical physics and analytical philosophy will be the poorer for it.

Remaking the South African higher education system

The Human Resource Development Council's Draft Master Skills Plan (MSP) (2024) is currently out for comment but actively criticises the NPPSET (discussed below), among others, as follows:

South Africa is overladen with industry master plans, economic recovery plans, Presidential job plans, sector skills plans, school plans, post-school education and training plans, and national, provincial, metropolitan and municipal plans. Hence, there is a need for an overarching MSP that streamlines the efforts of all role-players in the skills ecosystem.
(Human Resource Development Council, 2024, p. 4)

It reads like a breath of fresh air, though the HRDC's track record itself is quite dismal. The focus of the MSP rests on lifelong learning, centralising it within the entire skills milieu. The emphasis has shifted from coordinating various sub-sectors to homing in on the skills vital for South Africa's economic recovery and future stability. The skills showcased are broad enough to encompass the offerings of all educational institutions, from the CET sector to universities and private institutions, identifying those skills in high demand. On the other hand, it also presents the real danger of instrumentalising the PSET sector for some or other economic development model, which will not be neutral in its societal impact (Visvanathan, 1999). In the case of higher education, it would have to be read in the context provided by the *Higher Education Act* of 1997.

The National Plan for Post-School Education and Training (NPPSET) 2021–2030 was released in 2023. This document was meant to lay out a development plan for the period 2021–2030. It clearly lays out the challenges of addressing increased access and success and the importance of mobilizing resources for this purpose:

Implementing this Plan will require increased funding and much better use of available funding. Considering the 2030 goals and targets of the White Paper, all post-school education and training (PSET) sectors are chronically underfunded, and funding will need to significantly be reprioritised and improved if increased access is to be accompanied by enhanced success, especially given the threats to the fiscus because of COVID-19. (DHET, 2023c, p. 85)

Since then, funding for the public PSET sector has been shuffled, but subsidy levels have declined. This fact, together with the strictly enforced inflation-linked increases in tuition fees, has placed universities on the backfoot regarding innovation and development.

What the NPPSET does not address is the possible creation of a single, integrated higher education system that encompasses both public universities and private for-profit higher education institutions, considering the importance of addressing the challenges of demand for higher education outstripping its supply. With the larger-than-expected number of qualifying students in 2025, one sees a crisis of access looming. It's not that

the NPPSET does not contemplate this. It does. But it fails to follow through on the idea as a new imagination. It says:

The higher education (HE), technical and vocational education and training (TVET), sector education and training (SET) and community education and training (CET) management information systems will be linked, and the collection, curation and analysis of data from and by all PSET providers institutions, including private institutions, SETAs and employers, will be streamlined and simplified, and processes put in place to ensure reliability, accuracy and quality. (DHET, 2023c, p. 18)

Rethinking the place of private higher education in the higher education ecosystem

Many routes must be explored to address an impending crisis from the surge in demand for higher education. These must address modes of delivery and affordability. Since private higher education is growing substantially per annum, its place in the PSET and higher education ecosystems must be properly examined to understand how best to maximize its role in addressing the demand. In what follows, several issues are explored, opening the way for some level of rethinking of the PSET ecosystem and how it hinders progress.

One of the intransigent challenges facing the PSET sector highlighted in the NPPSET is its balkanisation into subsectors and the related failure to produce a unified, articulated system. This is mostly addressed in the context of the disarticulation between the public TVET and HE systems. The private–public split in the HE sphere presents the danger of limiting the migration of students across these sectors as they progress through their studies, taking courses towards qualifications in both subsectors. This constraint, in principle, should be easily dealt with because of the unified accreditation system. But other parts of the ecosystem are not so kind. HEMIS, for example, has datasets of public institutions only. We could, for example, see cross-teaching and co-badging of qualifications where this makes sense, with significant implications for collaborative efforts across the subsectors to cultivate diverse skills and foster a more inclusive learning environment.

Articulation does not make sense without thoroughly understanding the differentiation between institutions. The HE institutions are de facto differentiated in the public sector, and both the DHET and DSTI funding systems address the need for differentiation. Currently, PHEIs are predominantly teaching institutions, and one can imagine the need for such institutions because they work with young South African citizens to be included in DHET programmes such as the University Capacity Development Programme (UCDP), perhaps on a rand-for-rand basis.

Such a differentiated model also provides the opportunity to create a national system that links the PHEIs and the universities in national or provincial postgraduate education and research networks, requiring new approaches to managing public research funding and the DHET Research Output Subsidy. One thinks, for example, of the Graduate Centre at the City University of New York, which serves all of its 19 colleges in terms of doctoral education.

NSFAS and the DHET bursary programme

In a young democracy like South Africa, it is untenable that a young South African who qualifies to study at a university is not accepted for affordability reasons. The DHET bursary system, administered by NSFAS, is a grant system in the sense that it addresses the issue of access to students from poor and working-class backgrounds. It creates the opportunity for universities to contribute to social mobility and broaden the economic base. Since this bursary system is a grant system for students as citizens, it should not matter where students choose to study. It has been argued above that PHEIs, by producing graduates, produce public goods (and private goods) which are sought by society and contribute to social mobility. If a student decides to study at a PHEI, then they should have the choice of doing so, particularly if places are scarce in public universities. A web-based survey of institutions indicates that the tuition costs at PHEIs are less than those at public institutions for comparable programmes. It may be argued that it is discriminatory for this bursary facility to be unavailable to students who wish to begin their studies at a private higher education institution.

Building trust

In the context of experiences in other parts of the world and in South Africa's private post-school education and training institutions, it is clear that there are challenges. The fact that PHEIs fall under the remit of the DHET and that their programmes are accredited by the CHE using the same principles and procedures as those of public universities is essential in that they provide the basis for building trust. Yet, reports of failing private sector institutions are concerning. In March 2024, four institutions were deregistered for failing to meet regulatory reporting conditions (Muia, 2024). They have been re-accredited by the DHET in 2025 on humanitarian grounds, notwithstanding widespread media reporting of non-compliance and questionable academic practices. For whatever reason, this kind of failure needs to be addressed. This is not to say that public university programmes have not been de-accredited. Those contribute to distrust of the higher education system as well.

As noted earlier in this article, private for-profit higher education institutions are profit-driven businesses that ultimately speak to the interests of their shareholders. An ongoing engagement would be required to determine the extent to which this condition impacts the nature of the academic enterprise and to update their governance models to ensure sufficient segregation of governing duties. These are complex challenges that need to be engaged with.

Some concluding thoughts

The number of National Senior Certificate students in 2024 who attained the minimum requirements for university entry exceeded expectations and exceeded the number of first-time-entering (first-year) places available in the public and private PSET system, resulting in demand exceeding supply. New approaches must be adopted to increase the capacity of the already overstretched system. The public higher education system is already operating at capacity, with limited fiscal and physical space for expansion

to bridge this gap. There is a need for a more integrated approach that leverages both public and private higher education institutions to increase access and ensure the system's resilience.

The future of higher education in South Africa hinges on the ability to innovate and adapt to changing economic and technological contexts. Collaboration between the public and private sectors will be critical to building a resilient and inclusive education system. This integrated approach will help address current challenges and leverage opportunities to enhance the role of higher education in societal and economic development.

Ethics statement

This study did not involve any qualitative or quantitative data collection. No ethical clearance was sought.

Potential conflict of interests

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