THE IMPACT OF PRIVATISATION OF ADMINISTRATIVE

SERVICES AT TERTIARY INSTITUTIONS WITH SPECIAL

REFERENCE TO THE UNIVERSITY OF NORTH-WEST.

MODISE L.M

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THE IMPACT OF PRIVATISATION OF ADMINISTRATIVE SERVICES AT TERTIARY INSTITUTIONS WITH SPECIAL REFERENCE TO THE UNIVERSITY OF NORTH-WEST.

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LAZARUS MONTWEDI MODISE

SUPERVISOR: PROF W.P.J van RENSBURG (UNW)

EXTERNAL
SUPERVISOR: PROF P.L.S. ACKERMANN (UNISA)

DECLARATION

I wish to declare that the dissertation for the degree of **Master of Business Administration (MBA)** at the University of North-West hereby submitted, has not previously been submitted by me for a degree at this, or any other University. This is my own work in design and execution and that all material contained herein has been duly acknowledged.

ABSTRACT

Some of the reasons that prompted the undertaking of a research study on the process of privatisation at tertiary institutions, particularly the University of North-West are outlined hereunder.

These relate to the dramatic changes in the general administration of tertiary institutions, as response to South Africa's new political dispensation in 1994. These changes marked the beginning of the process of restructuring and development, which heralded the unfolding of the new democratic dispensation that changed the complexion of all institutions of higher learning.

The notion of privatisation was subsequently advocated for by the ANC government as part of its strategy in an attempt to boost the country's economy. However, this was met with mixed feelings by the labour movements, non-governmental organisations, and other political organisations.

The University of North-West was no exception to all these changes. The institution experienced an ever-growing problem of employees' low morale, high levels of insecurity and uncertainty due to fear of change. Many people felt threatened, as they had to face retrenchment because they were declared redundant and referred to as "dead- wood".

Employees were exposed to an unbearable pressure as management continued to explore the possibilities of engaging private companies as new or alternative service providers. These new service providers were perceived to be a challenge in terms of competition and the possibility of market-domination.

The intention of this study is therefore to assess the extent to which tertiary institutions and their management are ready for such a transformation exercise. Further, it is to establish the impact of the process of privatisation with a view to recommending some remedial measures.

ACKNOWLEDGEMENTS

ABBREVIATIONS

UNW   *UNIVERSITY OF NORTH-WEST*

NCHE   *NATIONAL COUNCIL OF HIGHER EDUCATION*

NAPA   *NATIONAL ACADEMY OF PUBLIC ADMINISTRATION*

BTF   *BROAD TRANSFORMATION FORUM*

WITS   *UNIVERSITY OF THE WITWATERSRAND*

UNISA   *UNIVERSITY OF SOUTH AFRICA*

LRA   *LABOUR RELATIONS ACT*

SRC   *STUDENT REPRESENTATIVE COUNCIL*

SACP   *SOUTH AFRICAN COMMUNIST PARTY*

SMMEs *SMALL, MICRO, & MEDIUM ENTERPRISES*

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CHAPTER ONE

ORIENTATION

1.1   INTRODUCTION

The primary purpose of this chapter is to introduce this study of the importance of privatisation of administrative services at tertiary institutions with specific focus on the University of North - West.

Research has revealed that a variety of factors have caused tertiary institutions to consider outsourcing some of their activities to private administration. Outsourcing of such services has occurred within a wide spectrum, which includes public corporations, parastatal organisations, and other non-governmental institutions. Privatisation is therefore not a novelty in South Africa. It has been necessitated by the need to provide services to a fast-growing population in order to meet their demands in ever-changing circumstances. Privatisation is perceived as an attempt to relieve the increasingly-burdened public sector, which found that its participation in the economy was expanding remarkably.

Currently, managers have become risk-averse and consequently this has more often led to the promotion of private initiatives which are aimed at improving the capacity of institutions to perform to their optimum level within the scope of their prescribed business plans. In recent years privatisation has been used as a means of alleviating public problems experienced in public enterprises. It has been used as a remedial measure to reduce the scale of government activity and shift more of the responsibility for coping with public needs to the private sector. This move has been prompted by public outcries over the presumed burden of government, as well as the inherent inefficiencies in state institutions (Hoskisson R E et al, 1994).

Whatever its real or imagined benefits or drawbacks, the privatisation move raises a variety of practical problems, including serious management problems. However, the National Academy of Public Administration (NAPA) has launched an intensive search to formulate a set of guidelines to assist public administrators in coping with these setbacks, and to recommend possible action and steps for improving the actual operation of privatised services.

It is of utmost importance to emphasise that privatisation is applied only to functions which are more operational in nature and are of less strategic importance. Furthermore, even though the principles of control rest with the private agent, accountability remains with the principal institution.

1.2   BACKGROUND TO THE STUDY

The inception of the new South African policy on Higher Education in 1994 has necessitated the programme of restructuring in tertiary institutions. This programme encapsulates the exercise of privatisation as a means to achieve management efficiency and profit maximisation.

This change heralded a new era that requires peculiar developments in the management and administrative functions of universities. In the realisation of all this, privatisation has emerged as inevitable and rewarding.

The University of North-West, as one of the historically disadvantaged institutions has to similarly undergo a rigorous transformation process. This will assist to reconfigure the institution so as to be equal to the administrative competencies and challenges of the twenty-first century.

Given the aforementioned facts, one becomes enthusiastic to study and pinpoint the important benefits of privatisation of administrative functions at South African tertiary institutions.

1.3 OBJECTIVES OF THE STUDY

The primary objective of the study is to demonstrate the essentials of the process of privatisation in an attempt to enhance improving industry performance by increasing the role of market forces (Bishop M et al, 1994).

Other objectives are:

- To highlight the spirit of joint ventures, which prevails between the principal firm and the private agent.
- To indicate a desire for wider share ownership with a view to reducing the monopoly power of the public sector.
- To reveal benefits that the process of privatisation will generate for employees because privately administered utilities have proved to have greater incentives. This is evidenced by increased profits which leads to an above average industry growth.
- To highlight the importance of changing the public sector performance approach to be profit orientated.
- To demonstrate the usage of limited resources in a more sparingly but productive manner.

1.4 IMPORTANCE OF THE STUDY

The importance of this study is to contribute to both the theoretical and practical aspects of quality management, good governance and the achievement of organisational goals through efficient means.

As far as the theoretical perspective is concerned, the primary intention is to add more value and expand on the existing body of knowledge in the disciplines of Management, Public Administration, and Labour Relations.

Another important aspect is to create a basis for further research and intellectual development for young academics who wish to research on the similar subject.

On the practical perspective, the study attempts to inculcate the element of commitment, efficiency and output orientation in the management style by way of improved insight and ensuring a methodical approach in policy formulation and the delivery of services. This would in turn enhance a high level of proficiency in the achievement of targeted goals.

1.5 SCOPE AND LIMITATION OF THE STUDY

The scope of this study is limited to the outsourcing of administrative functions at tertiary institutions in South Africa with special reference to the University of North-West. Therefore its findings, conclusions and recommendations are confined to the materials used in this study.

By the same token, it should be acknowledged that some material in this text, as well as other research concepts and the framework thereof could be vital and more suitable for usage in other spheres of a similar nature.

1.6 PLAN OF THE STUDY

In addition to this introductory chapter, this dissertation is structured as follows:

Chapter Two   Explores the theoretical foundation and literature relating to the importance of privatisation at tertiary institutions, and defines and clarify concepts.

Chapter Three   Outlines the problem statement.

Chapter Four   Presents the research design and analysis. Sampling techniques, research methods used, and analysis of data are discussed.

Chapter Five   Give a brief analysis, evaluation and interpretations of research findings.

Chapter Six   Condenses the contents of the previous chapters, draws conclusions from the study and presents recommendations.
Proposals are made which could be of assistance for further researching on topics of similar nature.

CHAPTER TWO

THEORETICAL FOUNDATION AND LITERATURE REVIEW

2.1   INTRODUCTION

The primary purpose of this chapter is to explore the existing literature dealing with related issues such as restructuring, reconstruction, rightsizing, and privatisation.

This exercise is essential in order to widen and sharpen the research perspective. Various research findings will be compared with a view to bringing about further contribution and improvements.

Relevant information pertaining to the topic under discussion will be sourced from books, magazines, newspaper articles, conference papers, accredited journals, as well as the Internet.

In this literature review, the principle of objectivity will be upheld without adopting any preconceptions from previous research reports.

2.2   THEORETICAL FOUNDATION

As in all deductive approaches to research, it becomes imperative to begin by developing a theoretical model of the phenomena of interest prior to discussing its literature (Gill & Johnson, 1997: 42).

An attempt is therefore made to introduce the essential, largely philosophical, issues underpinning this research model. Theory and practice are interdependent, therefore everyday lives are fundamentally interwoven with theory. It is necessary for science to provide knowledge and theory for the control of nature which allows for the prediction and manipulation of future occurrences.

According to Gill & Johnson, (1997), it is theory that builds into a body of knowledge, which helps to understand and cope with events and circumstances in the environment. Theories are all characterised by an attempt to explain observations, wherein predictions and expectations might be generated, and to guide our practical actions.

Theorising could be defined as the process of providing explanations and predictions of social phenomena by relating the subject of interest to some other phenomena. It is a network of hypotheses advanced so as to conceptualise and explain particular social or natural phenomena (Bailey 1982: 39).

Theory serves as an orientation for the gathering of data since it specifies the type of facts to be systematically observed. If the predicted facts are not observed during experiment or investigation, the theory is disproved and will need improvement or reformulation.

2.3   DEFINITION AND DESCRIPTION OF CONCEPTS

2.3.1   PRIVATISATION

"Privatisation means the systematic transfer of appropriate functions, activities or property from the public to the private sector, where services, production and consumption can be regulated more efficiently by the market and price mechanisms" (Mc Gregor, 1987: 107).
It involves changes in the relationship between the public sector and the private sector in the areas of control, ownership, production and finance.

According to Brynard, (1987), the result should be a reduction in the size and functions of the public enterprise, with the assumption that private management is inherently more efficient than state management.

The concept of privatisation implies "removal of the constraints of public ownership and the restructuring of products markets"
(Williams, 1997: 5).

"Privatisation creates incentives for corporate response to the profit opportunities created by institutional change. The corporation's directors and executive managers respond to the incentives for profit seeking behaviour through their decisions concerning the scope of the corporation's activities and the way in which its use of resources is co-ordinated and controlled"
(J L Williams 1997: 11).

2.3.2   RESTRUCTURING

Restructuring means to rearrange the existing structures with a view to giving them a new look, and also the shedding away of old format and material as a way of rebuilding the substance.

It refers to face-lifting of the structural design in order to enhance efficiency, and the reorganisation of an industry by reducing or eliminating redundant and wastage material. It could be summarised as the making of a considerable change in character, appearance or form. The word restructuring is more often used interchangeably with the term reconstruction (Barker, 1995: 15).

2.3.3 TRANSPARENCY

Transparency refers to the disclosure of all relevant information by all parties within the workplace for purposes of knowledge, fair and effective negotiations. This should be subjected to section 16(5) of the Labour Relations Act.

2.3.4 TRANSFORMATION

Transformation means the changing of something in a way that alters its shape or form so fundamentally that it is turned into another entity. This is usually a deliberate action with the aim of creating something better, (better-looking and better working), more usable and more valuable. Transformation involves the need to move away from long-established bureaucratic procedures to streamline work processes and inculcate a cost - conscious mindset (Oxford English Dictionary).

According to the NCHE Report, (1996:1), transformation serves to preserve what is valuable and to address what is defective.

2.4   ORGANISATIONAL CHANGE

Organisational change means "to move towards an organisation's vision, to implement its strategies, require change. This usually means that employees in the organisation are required to do new things in new ways within new structures" (Burnes, 1992: 261).

All forms of organisational transformation will range from job redesign, new reward system, and new organisational culture. Such a change therefore involves moving from the known to the unknown, with the possibility of loss as well as gain.

Companies, therefore, need to create a readiness for change, and address any causes of resistance among its employees. Failure of the organisation in coping with the challenges of change, may be due to the company's lack of ability in terms of planning and management, motivating and involving employees, and designing and implementing suitable job and work structures. Therefore the issue of organisational change is not marginal or unimportant, but indispensable to the process of transformation.

For purposes of coping with the complexities of change, organisations should embark on the following practices: (Burnes, 1992: 261-263).

2.4.1   Make Employees Aware of the Pressures for Change

Inform employees on a regular basis about organisational future plans and the competitive-market pressures it faces. This would make employees to see change not only as inevitable but also as being undertaken to safeguard their future rather than to threaten it.

2.4.2 Provide Regular Feedback on Performance of Individual Functions and Activities Within the Organisation

This allows a company to draw attention to any discrepancy between actual performance and desired present and future performance. It also allows those affected to have in place contingency plans.

2.4.3 Publicise the Probable Successful Option for Change

In order to create a positive attitude towards change, the organisation should publicise the intended change option and its programme. Positive effects as well as negative attributes of the change option should be highlighted.

2.4.4 Understand Employees' Fears and Concerns

Management should recognise the real and legitimate fears of staff when introducing a new management system. An open-door policy should be practiced with a view to addressing such fears and concerns.

2.4.5 Encourage Communication

One way of avoiding the uncertainty that change can promote is to establish a regular and effective communication process. Details and consequences of the proposed option should be fully discussed in context.

2.4.6 Involve Those Affected

It is essential that all employees that would in one way or another be affected by the change process be involved. This will undoubtedly promote understanding and overcome potential resistance. Lack of involvement breeds suspicion and further creates animosity.

Here follows different methods of privatisation as other options for institutional change in administration. It is important to note that the choice and method to be employed by any instituion, the University of North-West in particular, would depend on factors such as the size and diversity of the administrative functions to be outsourced, the private company that is to be engaged as the new service provider, and the obligatory conditions of the service contract.

A logical conclusion therefore is that privatisation requires that the existing organisational structure should be segmented into smaller units.

2.5 DIFFERENT METHODS OF PRIVATISATION

The process of privatisation could take one of the following formats depending on the peculiarity of the situation:

2.5.1 Sale of Public Sector Enterprises and Assets

"The main characteristic of this method is that the public sector will not retain any further responsibility in respect of those assets, services or activities and that their continuation, scope and price after the sale will be subject to the market mechanisms" (Mc Gregor, 1987:108).

Such activities, together with assets and liabilities, and possibly even personnel, are handed over (sold) as a going concern, by agreement, to the private enterprises. By relocating such undertakings in the private sector, their profitability could be restored. However, the sale of public sector enterprises and assets are considered in appropriate circumstances, provided in the long term there will be benefits generated for public.

2.5.2 **Partnerships**

Partnerships between public and private institutions (<u>Joint Ventures</u>)
exist when the involvement of the two sectors is equally needed. This joint venture could have the benefit of effectively reconciling private sector participation in management with public sector strategic interest in such an undertaking. This could also be realised by the acquisition of shares by the private sector in public undertakings.

2.5.3 **Leasing of Business Rights**

This occurs whereby facilities that cannot be utilised fully by the public sector are leased out to the private sector. The legal entitlement of leasing of business lies with the public sector; however, this right is subsequently transferred to the jurisdiction of the private sector for efficient utilisation and realisation of maximum benefits. It will therefore be necessary to place a time limit on leases to ensure completion.

2.5.4 **Contracting Out**

The public sector engages a private firm to provide services or deliver goods on its behalf. The public enterprise retains the responsibility as the supplier of a specific service or product to its clients, but does not do the work itself.

One or more private companies could be engaged on agreed terms and remuneration.

2.5.5 Discontinuation of Services or Activities

This option refers to public services or activities which for one reason or the other warrant discontinuation. Such services and activities could be discontinued to an extent that the need for undertaking such a service or activity has lapsed. In case there is still a demand for such services or activities, it can be transferred to or left to the private sector to supply.

2.6 IDEAL METHOD OF PRIVATISSATION FOR THE NORTH-WEST UNIVERSITY

In the case of UNW, an ideal method of privatisation would be contracting-out as it entails the shifting of responsibilities and the locus of decision -making from the institution to the private sector without necessarily transferring ownership. Although the private company will be providing services on behalf of UNW, the institution will remain accountable to its constituency.

This method is considered simple and more convenient for UNW as it would ensure a reduced administrative burden on the part of the University thereby allowing for greater efforts in steering the vision and mission of the institution. The institution will have plenty time to embark on essential activities such as the reconstruction of a suitable management system that would be more appropriate for the emerging challenges in educational policy matters.

As a public entity, with a unique historical background, the institution will be able to focus on the development of its person-power. It will be able to keep abreast with the pace and development of the ever-growing technology.

More attention will be given to fund-raising projects with a view to supporting its operational shortfalls and to maintain financial stability.
(Schultz Report, 1997: 6).

Services that could be contracted out may include auditing, data processing, payroll administration, cleaning and maintenance, campus protection services, and repairs to official vehicles and equipment.

In the event where the University is not satisfied with the service offered by the private firm, the institution has the powers to terminate such a contract after giving notice in compliance with the terms of the service contract.

When embarking on the process of privatisation, it is imperative to explore the following four phases which are fundamental to the effective application thereof:

2.7 IMPORTANT PHASES TOWARDS PRIVATISATION

There are four phases which are essential for UNW Management to consider before decisions are taken on whether to privatise an activity or not. These are as follows:

• Phase One:

There has to be a preliminary study to establish the viability of privatisation of administrative services at UNW. At this point it should be investigated as to whether or not it would be in the public interest to pursue the privatisation move.

• Phase Two:

A detailed feasibility study based on the recommendations of the first preliminary report need to be conducted.

- Phase Three:

  The process of restructuring or re-organisation of the existing operations needs to be carried out. Information gathered from these three phases would serve as guidelines in mapping out the restructuring process at the final phase.

- Phase Four:

  This is the final phase which entail the implementation of the restructuring process, as well as the transfer of operations to private sector enterprise after all the checks and balances have been carried out.

The following discussion elaborates on why economists should support the privatisation process in South Africa.

2.8 WHY SHOULD SOUTH AFRICAN ECONOMISTS SUPPORT PRIVATISATION?

The following factors, which are fundamental to the viability of the South African economy, are important for Economists to support the privatisation of public sector industries:

- Prohibitively high taxation rates;
- The ever- scalating budget deficits;
- Lack of investment avenues for the private sector;
- An unbalanced capital market;
- Inherent inefficiency in public enterprises; and
- Fear of undue politicisation of demands upon the public sector.

On the basis of the aforementioned factors, government is also compelled to overhaul public sector management by taking drastic steps in order to

discipline state financial spending, and furthermore, to shift the burden of social demands to the capable hands of private sector enterprises.

2.9 EXPECTATIONS ABOUT PRIVATISATION

The most important elements which are expected in a change to privatisation concern the following:

- A shift into profit-seeking behaviour by the firm's management.
- Changes in the scope to pursue profit emanating from being exonerated from political objectives.
- Recruitment has to be more open, and reward systems will shift towards private industry norms.

It is therefore obvious that increased profit seeking as an overriding aim sharply increase the influence of the private market for managerial talent. Senior personnel in the public sector who possess abilities to pursue new opportunities will also be part of the new service providers.

Politicians perceive the move to privatise as a risky exercise because they believe that the government rights and privileges which the nationalised industries have enjoyed are now passed on to the private sector.

Newly privatised firms would have to pay attention to their share percentage, and to consider their future needs of raising more money from the capital market.

Consumers are expected to benefit from the introduction or extension of market forces reflected in the profit motive, rivalry, more choice, greater efficiency and innovation.

Public sector managers often opt for privatisation under the presumption that productivity and profitability in the newly privatised firm will increase tremendously. More importantly, executive managers perceive transition to privatisation as a liberation to enter a competitive global market. Therefore their mission is to change other managerial attitudes in their firms towards the notion of commercialism which is the search for profit. They use privatisation to escape external threats as a leverage for needed internal change.

The discussion hereunder focuses on outsourcing of administrative functions at some tertiary institutions.

2.10   PRIVATISATION AT OTHER TERTIARY INSTITUTIONS

Research has shown that it is imperative that both management and administration of higher education in South Africa should respond to the new challenges and demands in the political, social and economic spheres as the country determines its global competitiveness, growth and development strategies. This will inevitably require an administrative transformation programme, which could include the process of privatisation.

In order to balance this study, it is necessary to take a look at the developments at some of the other tertiary institutions that were previously regarded as white and advantaged during the apartheid era. This will include amongst others the University of the Witwatersrand, the University of Pretoria, and the University of Cape Town.

2.10.1 University of the Witwatersrand

According to the Wits 2001 plan, the Vice - Chancellor decided to retrench workers in catering, cleaning, grounds and maintenance departments. These departments would be closed down and their work will be outsourced to the

low-wage, non-union companies such as Fedics and Supercare (http://www.cosatu.org.za).

However, protestors challenged the Wits 2001 plan. The union maintained that they opted for internal restructuring and not privatisation, as this option would save jobs and provide improved and quality service rendered by the workers.

The anti-privatisation campaign included amongst others the following arguments:

- mass job losses;
- worse working conditions: outsourcing, job insecurity;
- privatisation resulting in a bigger wage gap: the rich get richer and the working class suffers;
- Privatisation was viewed as part of GEAR, the government plan that replaced RDP in 1996.

Approximately 613 workers were to be retrenched by Wits University management as the consequences of their restructuring and privatisation plans.

According to Wits Reporter Vol. 18, No 07, (2001), "new service providers have been identified in the cleaning, grounds, maintenance facilities, and catering sectors, and arrangements are well underway with the applications, interviews and employment offers processes".

An estimated 75 percent of the 613 workers, who were finally retrenched at the end of June 2001, applied for positions with the new private agents. It is indicated that all the service providers have more than 500 employment opportunities to offer, including training programmes which will be used to develop workers' skills and bring new staff up to speed on their new systems and procedures.

A statement released by Wits Personnel Director: Richard de Villiers, indicate that "some of the retrenched staff wanted to take early retirement and there are those who preferred voluntary severance packages. Their packages would therefore be paid out in July 2001".

Wits management together with four signatory Staff Associations and Unions, have mapped out a social plan which will attempt to assist retrenched workers who will remain unemployed.

2.10.2 University of Pretoria

Like most of the South African universities, the University of Pretoria is also engaged in the process of transformation. The establishment of the Broad Transformation Forum in 1992, as well as the Affirmative Action Committee evidenced this.

The University of Pretoria also supports the notion of outsourcing of some of its administrative services. These include the following:

- Usage of recruitment agencies for appointment of temporary replacement staff, including staff from scarce professional disciplines.
- A private firm is engaged in the debt collection of outstanding student tuition fees on behalf of the University.

Engagement of privately owned companies as service providers is regarded as diversified ownership of assets.

(http://www.up.ac.za/services/equity/eea2sectionf2.html).

2.10.3 University of Cape Town

"There is a fundamental change underway world-wide in what is understood to be the business of a university. In part these changes are due to the globalisation of many significant aspects of life, which range from an industrial economy to a knowledge-based economy, as well as technological advances" (http://www.uct.ac.za/general/stratplan.htm).

According to university authorities, change at the University of Cape Town is viewed as unavoidable. It is something desirable in order to implement the restructuring process. Amongst others, the University Management considered the benefits of outsourcing some administrative and support services such as the Campus Protection Services. The primary purpose of outsourcing such functions was to improve on the quality of service and delivery effectiveness.

According to the weekly newspaper of UCT, (Monday paper, Vol. 19, No 19, 2000), the outsourcing of Campus Protection Services was going to result in maximum of 66 job losses out of 250 posts in the department.

The University is currently engaged in a tendering process of vendors who are interested in providing Campus Protection Services. On the other hand it was motivated that there were no compelling reasons to outsource areas such as: Postal Services, Commercial Accommodation, and Classroom Facilities Unit.

Essential commonalties and differences which are characteristic of both the public and private sectors are illustrated below.

2.11 PUBLIC VERSUS PRIVATE SECTOR ENTERPRISE: OBJECTIVES, AND DYNAMICS

The importance of privatising administrative utilities has expanded drastically as a central feature of economic policies in various markets in the developed and developing countries. This trend is likely to continue due to cost-reduction pressures, availability of competent services, increased flexibility, and shared risk.

Privatisation of services could therefore be necessitated by the limitations of internal units lacking experience in other business environments. Alternatively, due to inadequate skills in specialised areas such as advertising, marketing, research, and information systems management (Cravens, 1997: 45).

Given the above scenario, Executive Managers should be well informed about the variations in the objectives and dynamics of both the public and private sectors. Managers should not only be accountable for results, but should also have the expertise of deploying available resources in a way that would ensure quality service delivery.

The objectives and dynamic characteristics of the two sectors are elaborated as follows:

According to Cravens, (1997), the public sector follows bureaucratic processes and hierarchical structures of authority. It does not behave in a cost-minimisation pattern. The following points best illustrate the dynamics of the two sectors:

- In the public sector, the profit objective is absent, which should be the overriding goal of any private sector enterprise.
- Changes in the distribution of benefits and effects on employees, suppliers, and other stakeholders must be considered.

- Unlike in the public sector, the process of privatisation should be viewed strictly as an economic instrument with less political inclination.

Essentially, the notion of privatisation is a paradigm shift whereby the role of the public sector changes from that of a performer or implementor to that of a supervisor and overseer.

Instead of hierarchical lines of control between managers and subordinates, what exists under private management is an intricate chain of indirect relationship. It is intended to remove the bureaucracy from peripheral and non-essential functions so that the enterprise could operate more effectively (Mc Gregor's, 1997).

One could draw a conclusion that privately owned firms are able to adapt more quickly to market trends in terms of technology as compared to public sector enterprises.

Furthermore, Cravens, (1997), indicates that public sector management should be decisive enough to control, supervise and evaluate the performance of the private firm that carry out its business.

On a positive note, public ownership was found to correspond with higher levels of growth in labour productivity, while private ownership gave rise to higher levels of profits.

Another viewpoint raised was that the public sector creates an environment and sets a policy framework so that market forces can perform. On the other hand, an argument surfaced that private firms use profit as an efficiency index (Attiat F et al, 1991: 54).

Furthermore, a range of services provided by public sector enterprises have been exposed to rivalry through competitive tendering waged by the private sector.

It is interesting that government usually hesitates to sell public assets that generate a lot of money, whilst, on the contrary, private agents shy away from public enterprises that are financially risky. Consequently, the process of cost-benefit analysis becomes a prerequisite for the privatisation option.

Unlike nationalisation, privatisation will protect private property rights while stimulating competition between corporations. It will improve utilisation of resources, encourage optimal functioning of market forces, facilitating the development of small businesses and create enterprise systems to the full extent of their ability (Jonker, 1988: 2-4).

On the whole, the private agent has the obligation to act in an articulative manner, which is in compliance with the terms of the principal firm.

2.12   GOVERNMENT STANCE ON PRIVATISATION

It is important to note that privatisation is at the heart of the ANC-led government's strategy of governance in an attempt to meet the demands of the modern global economy. Government has remained steadfast in its resolution to outsource services to private enterprises, and the following benefits are highlighted as its motivation:

- Improved efficiency and productivity;
- It will help reduce the state's debt as well as unlock wealth and promote economic growth; and
- It will benefit empowerment groups.

It is against this aforementioned background that the South African government has more tangible reasons for adopting the privatisation move. Such reasons include the below-mentioned:

- Funds are needed for development and upliftment in terms of the Reconstruction and Development Programme;
- Funds and other economic resources are being wasted on subsidising unprofitable institutions; and
- The scope of the Johannesburg Stock Exchange must be expanded.

2.13 TRADE UNIONS' PERCEPTIONS ABOUT PRIVATISATION

Trade union leaders perceive privatisation as a political process with economic and social consequences, which could adversely affect job security for their members. It entails change, which is often seen as a threat by trade unionists. Such a process should therefore be implemented with circumspection and high level of responsibility.

To a limited degree, unions find no objection if government-owned enterprises become partly privatised on the proviso that the interests and the rights of workers continue to be safeguarded. However, they would not support outsourcing of any administrative services if it translates into socio-economic disaster. That is, the state of joblessness that could lead to poverty-related hardships.

According to electronic-media reports, COSATU indicated that, compared to other middle income developing countries, South Africa has a worse distribution of income and basic infrastructure. Private enterprises are unable to address such imbalances because their priority objective is to seek to maximise their profits.

Hence the SACP continued to picket against the conference on "Privatisation in South Africa and Africa" under the slogans "Africa is Not for Sale" and "Defend, Strengthen, and Extend the Public Sector". They believe that the economy should be boosted by investors with a marketing drive.

They would opt for internal restructuring instead of privatisation as this would save jobs and improve on the existing quality of service provided by the workers. Unions do not want only a small fraction of individuals to benefit from the National Democratic Revolution. They totally discourage a small insignificant group of people that are being favoured with private contracts at the expense of the majority. They maintain that this cannot be equated to genuine empowerment of the previously disadvantaged people.

Trade unions call on the government to be transparent when dealing with crucial economic issues such as privatisation. The state is expected to be the major provider of health, education, housing, job creation, poverty alleviation and social security programmes. Therefore citizens have a legitimate expectation in this regard (Business Times, 15 April 2001).

2.14 ADMINISTRATIVE PROBLEMS AND CHALLENGES POSED BY PRIVATISATION

Even though it is envisaged that the outsourcing of some administrative services would lessen the burden of public sector management, Mc Gregors, (1987), highlighted the following challenges which will prevail when private sector practices are introduced:

- Rationalisation of staff through retrenchment or voluntary resignation;
- Lower salary/fringe benefit costs per employee. This could include benefits such as pension, medical aid, housing subsidy, car allowances, and study leave;
- Reorganisation of the workload and/or departmental responsibilities and structures;
- Replacement of inefficient staff members;

- Employment of new staff at relatively lower salary notches and pay packages;

- Merging institutions, departments or sections with overlapping responsibilities; and

- Changing the daily work rhythm to obtain greater labour input per employee. For example; lengthening working hours, increasing unpaid overtime, tightening controls of work performance, and reducing meeting times.

In view of the above-stated factors, it is clear that employees would find it difficult to adjust to a private sector management. This could be proved by "the fundamental difference in business philosophy and culture between public and private sector organisations" (Mc Gregor's, 1987).

2.15   SHORTCOMINGS OF PRIVATISATION

The concept of privatisation is similar to two sides of the same coin. There are benefits as well as shortcomings. The following negative effects are identified:

- Loss of public management control;
- Prolonged time span in executing a particular task;
- Greater co-ordination requirements which could be more costly;
- Lack of familiarity with the organisation's products; target markets, as well as its culture;
- Instill an element of insecurity among employees due to job losses, changed remuneration structure and other conditions of employment; and
- More profit oriented in its priorities thereby perceived to be less caring and insensitive to its human resources in the achievement of its objectives.

In view of the aforementioned facts, the smooth transfer of employees between the two sectors could be hampered.

At this stage, attention is drawn to the proposed move of privatisation at the University of North-West which was founded on the need to re-organise the institution from a Bophuthatswana image to a transformational South African perspective.

The ensuing discussion reflects sequence of events, which resulted in the decision to opt for privatisation of administrative utilities at UNW.

2.16   PRIVATISATION AT THE UNIVERSITY OF NORTH-WEST

Privatisation at the University of North-West came about as a result of the restructuring process, which was necessitated by the incorporation of the erstwhile Bophuthatswana regime into the new South African dispensation of Higher Education in 1994. This dramatic change heralded a new era that requires peculiar developments and efficiency in the management and administrative activities of the institution.

The basic rationale of embarking on privatistion is the conviction that public sector management produces significant inefficiencies not warranted by any compensating social benefits (White Paper on Privatisation and Deregulation, 1987).

Therefore privatisation at UNW was founded on the premise of good governance and sound quality assurance.

Brynard, (1998), indicates that "the South African government has announced its plans to restructure the troubled economy. Privatisation can be used as an instrument to help realise this goal, but can never be an end in itself".

During the restructuring programme, various structures such as the Broad Transformation Forum and Governance Transformation Committee were established. Bosberaads were held for purposes of formulating academic and administrative Rolling Plans, which resulted in the production of a Business Plan in 1998. The primary objective was to reposition the University in the global competitive market, restore the caliber of the institution in terms of dignity, and to revive its core business of teaching, research and community service.

Amongst its priorities, the University opted for the outsourcing of administrative services such as the Campus Protection Services, Cleaning services, Grounds and Gardens, and the Maintenance Department. The primary mission was to enhance high productivity, efficiency and sound management practices. Furthermore, it was to instill a sense of commitment and to curb the escalating reported cases of malicious damage to University property and theft.

Various stakeholders were consulted in this regard, but the Staff Association did not fully support the privatisation move. They expressed a sense of insecurity for their constituency due to the envisaged job losses.

Finally, the problem of administrative inefficiencies was compounded by the fact that formerly retrenched personnel were re-appointed back into their positions on contract terms. This was in violation of the rule, which states that posts vacated by way of retrenchment could only be filled after a period of two years.

2.17 CONCLUSION

Privatisation should not be perceived as a holistic exercise to remedy inefficiencies prevalent in public sector management. Instead, it should be viewed as machinery to streamline administrative operations and ensure cost-effective and efficient governance.

Privatisation is aimed at reducing the public sector's share in the economy and on the other hand create more opportunities for the private sector.

According to electronic media, the Minister of Public Enterprise, Jeff Radebe, emphasised that contracting out services is the preferred option by government. This move will avail more opportunities for private investment, which is coupled with wide share ownership and would therefore boost the country's economy. It is government's strategy that labour should be included more fully in the privatisation process. Consultants should be engaged and government should be briefed regularly on progress made.

The process of privatisation at tertiary institutions has been relatively slow. This is prompted by prolonged negotiations between University management and unions. In summary, there is a lot of resentment displayed by labour movements towards the engagement of private agents as service providers. This has been evidenced by work - stoppages and cases of dispute in various work settings.

With reference to the University of North-West, the process of privatisation has seemingly reached stagnation point. This could be attributed to the after effects of frequent changes in management positions thereby hampering progress in the University in terms of taking decisive action and offering leadership guidance.

CHAPTER THREE

DEFINITION OF THE PROBLEM

3.1   INTRODUCTION

The primary objective of this chapter is to highlight administrative problems prevailing in tertiary institutions, which prompted the decision to opt for, amongst others, the process of privatisation. Special focus is laid on the University of North-West as the targeted sample.

In order to set an agenda for transformation in accordance with the developing social order, it becomes important to re-focus the institution to its fundamental objectives such as teaching, research, and community service. The other guiding factor would be the Mission Statement.

The other major challenge facing management includes the need to bring UNW in line with other institutions of higher learning within the South African context. This mode of integration into the new higher education sector is considered unavoidable.

Due to the quest to attain efficiency, strategic transformation of a management system with a view to accomplishing the institution's mission, should be earmarked as an eventuality (Schultz Report, 1997: 1-2).

The following issues serve as motivation leading to the undertaking of this study:

3.2 MOTIVATION

Despite the existence of the Business Plan and various legislative frameworks such as the White Paper on Higher Education, administrative and management structures of the UNW remained untransformed. This resulted in the University failing to meet its obligations regarding the rendering of quality service to students, community and government .

Further delays were experienced in the production of financial statements, student's results, SAPSE generated figures, and the University's general financial accountability to the public. More often than not, there were discrepancies found in the computer information system used, and this stifled communication network and accurate record keeping. Even the newly introduced Unitrust computer system seemed to have more problems than solutions, thereby exacerbating the situation.

The position of Vice-Chancellor remained vacant for a relatively long period. During this time, most of the incumbents occupying top management posts were holding acting positions rather than substantive ones. This consequently hampered the process of strategic planning, as there was no leadership guidance and unfettered decision-making at the higher echelons of the institution. This led to eventualities of litigation and labour disputes caused by unfair labour practices.

University initiatives in soliciting financial assistance from businesses and financial institutions for purposes of development, granting of bursaries/loans and scholarships to UNW students, lacked persuasion.

Deterioration of managerial supervision and control resulted in the absence of maximum-security systems on campus. Security personnel became corrupt, and instead of protecting University property, they connived with criminal elements to steal property (such as computers) from the University premises.

The Schultz Report, (1997: 14), highlighted that "UNW has fundamentally no consensus concept of effective resource management and this has set the institution on a disastrous outcome".

Here follows statements outlining issues of major concern for UNW which need to be attended to with due haste.

3.3   DEFINITION OF THE PROBLEM

The following problems are fundamental to the smooth operation of administrative utilities and service delivery at the University of North-West:

- Primary Problem

  Lack of decentralisation of administrative functions has proved to be the cause of all tedious bureaucratic red tape that result in low performance output. For example, purchasing and acquisition of all materials are controlled by one central office for the entire University. This will undoubtedly continue to hamper the restructuring processes.

Is decentralisation of administrative functions the best option in an endeavour to enhance maximum output and quality service delivery ?

- Secondary Problem

  Inefficient computer information services is the root-cause of inaccurate records and also result in lack of prompt information supply, delays in the processing of payments for creditors, and student-related matters.

Is information technology essential in order to enhance efficient service delivery and to ensure adequate support of all administrative operations within an organisation?

3.4 CONCLUSION

Amid union opposition and anti-privatisation demonstrations mobilised by labour movements such as COSATU, privatisation remains an essential priority for both government and labour organisations at large. Tertiary institutions are no exception in this regard. They have encapsulated privatisation in their respective Business Plans (Financial Mail, 27 November 2000).

It has further been established that even government has pledged its support for privatisation. This was expressed by the Minister of Public Enterprises: Stella Sigcau, when addressing a press conference in Cape Town. She emphasised that "the government's macro-economic policy framework for growth and development would be to accelerate moves towards privatisation" (Business Times, 11 February 2001).

In addition "economists and business leaders believe that privatisation is central to restoring investor confidence, which had been badly dented by the rand's sharp fall in the past" (Reuter, 12 June 1996).

In general, privatisation has the potential to improve the use of society's capital resources. Therefore, the most common way to address problems of private monopoly is to ensure that government has in place an adequate institutional framework to regulate or monitor the activities of private sector enterprises.

In the last few years privatisation has become the dominant theme of the public enterprise literature, an indicator of political shift towards the free-market economy and a hope for major improvements in productivity and pricing" (Attiat F et al, 1991: 67-68).

Workshops and conferences are being organised by government with a view to conscientise public institutions regarding engagement of private agencies as service providers in order to enhance high productivity and profitability.

CHAPTER FOUR

RESEARCH DESIGN AND ANALYSIS

4.1   INTRODUCTION

The choice of an appropriate research method could either be quantitative or qualitative in nature. The type of research design is determined by the approach used to gather primary data. This could occur either by observing conditions, behaviour, events, people or processes, and alternatively, by communicating with people about various topics.

Due to the pragmatic nature of the problem under study, a qualitative research method is more appropriate. According to Van Maanen (1983: 9), this type of research method is persuaded by an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with meaning, not the frequency/numeric of certainly occurring phenomena in the social world.

A qualitative method of research appears to be more relevant and suitable for this study because it subscribes to a phenomenological, inductive, and process-oriented social world-view. Qualitative method may include ethnography, case studies, in-depth interviews, questionnaires, and participant observation (Bless & Whigs-Smith, 1995: 63-64).

4.2   RESEARCH DESIGN

This refers to the planning of any "scientific research from the initial stage to the last step. It is a programme used to guide the researcher in collecting, analysing, and interpreting observed facts. This process is often described as research management or planning"(Bless & Higson-Smith, 1995: 63).

For this study the following research method was used:

4.2.1   Exploratory Research

This type of research has been used in this project because the primary objective of this study is to explore and gather data that would ultimately reflect the impact of privatisation on administrative employees in their respective capacities.

The University's organisational structure consists of the following administrative units which would be directly affected if a private firm were to be engaged.

> Office of the Vice- Chancellor
> Public Relations Office
> Department of Finance
> Department of Human Resources
> Campus Protection Services
> Maintenance and Cleaning Services
> Administrative Divisions in Faculties

In order to ensure that the sample size used is adequately representative, questionnaires were distributed to each of the above-stated administrative branches with a view to ensuring that most of the departments which will

undoubtedly be affected by the privatisation move are surveyed. Various administrative positions such as those of Directors, Managers, and Senior Administrative personnel were explored in order to obtain their impressions about outsourcing of administrative services.

It is imperative to highlight that all sectors of the University which are purely academic in nature were not surveyed because they would not be directly affected by the privatisation move.

4.3   SAMPLING TECHNIQUES

One of the objectives of sampling is to draw inferences about the unknown population parameters from the known sample statistics, which are obtained by collecting data from the sample (Bailey, 1982: 91).

Choosing an appropriate sampling design is a crucial stage of the research process. This is determined by the origin of one's methodological considerations in a particular study.

Ideally, one would like to study the entire population in order to give weight to the final outcomes. However, due to the complexities involved and the aspect of time, one would rather settle for a sample. A sample could therefore be defined as a subset or portion of the total population (Bailey, 1982: 85-86).

A sample must always be viewed as an approximation of the whole rather than as a whole in itself. Hence much statistical effort is directed to the task of determining the probability that this value prevails throughout the total population.

Although a subset of the population, a sample must have properties which make it representative of the whole. This will allow for an accurate generalisation of results. Therefore all elements of the population have equal chance of being drawn in the sample. Consequently, sampling theory distinguishes between probability or random sampling and non-probability sampling.

Sampling can be classified into the following methods:

4.3.1 Probability Sampling

This method of sampling yields probability and the selection of each respondent is known. Probability sampling could be done randomly without following any particular pattern. This could be elaborated as follows:

- Random Sampling

It is defined as the selection of an element from a population where each element has the same chance, likelihood or probability of being chosen for the sample. The most common example is the lottery techniques (Kim, 1992: 107).

Random sampling is all about selection without showing bias for any personal characteristics. Every collection of units of the same size has an equal probability of becoming the actual sample. This is true regardless of the similarities or differences among them.

Probability sampling can be classified into the following categories:

- <u>Systematic Sampling</u>

It involves a random selection of one of the first $\underline{k}$ elements in an ordered population, followed by selection of every <u>kth</u> element thereafter. There is a particular systematic order in selection that is being followed.

- <u>Stratified Sampling</u>

In this category, we select a simple random sample from each of a given number of sub-populations called stratum. Any number of dimensions could be used to divide the population into strata.

- <u>Cluster Sampling</u>

This is an appropriate and relevant sampling method to be applied in this study. It is considered suitable in the sense that all departments which handle administrative functions are grouped together in a cluster form and then put under scrutiny with a view to determining their position in relation to the process of outsourcing.

Such departments will include amongst others, Campus Protection Services, Finance, Internal Audit, Faculty Administration, and Human Resources. The targeted sample is derived from the above-stated departments and therefore forms the sub-set of the population.

All departments that deal exclusively with academic matters are not to be considered.

4.3.2 <u>Non-Probability Sampling</u>

Unlike the probability sampling, in non-probability sampling the probability of selection of each respondent is unknown. This type of sampling may prove adequate if the researcher has no desire to generalise his/her findings beyond the sample, or if the study is merely a trial run for a larger study (Bailey, 1982: 97).

The obvious disadvantage of non-probability sampling is that, since the probability that a particular unit will be chosen is known, the investigator generally cannot claim that the chosen sample is representative of the larger population. This therefore limits the researcher's ability to generalise one's findings beyond the specific sample studied. Furthermore, it becomes difficult to estimate the margin of the sampling error.

The advantage thereof is that it is much less complicated, less expensive, and may be conducted on a spur-of-the moment basis in order to take advantage of available respondents without the statistical complexity of a probability sample.

Although from a scientific point of view, probability samples are of a much higher quality, non-probability samples have pragmatic advantages. They can save time and money and their disadvantages can be reduced by enlarging the sample or by choosing homogeneous populations. They are thus frequently used in the social sciences (Bless & Higson-Smith, 1995: 88).

Examples of non-probability sampling are:

- Quota Sampling

The selection of respondents is done in the same ratio as they are found in the population. Usage of this technique implies choosing a sample that reflects the numerical composition of various subgroups in the population. Respondents within subgroups are selected in a haphazard manner.

- Convenience Sampling

It makes no pretence of being representative of a population. It takes the units as they arrive on the scene or as they are presented by way of accidental occurrence. No attempt is made to control bias.

- Purposive Sampling

In purposive or judgemental sampling the investigator does not necessarily have a quota to fill from within various strata. Rather the researcher uses his/her own judgement about which respondents to choose, and picks only those who best meet the purposes of the study (Bailey, 1982: 99).

Hereunder follows some sampling concepts which are worth noting:

4.3.3 Main Sampling Concepts

Good sampling is characterised by the following implications:

- A well defined population;
- An adequately chosen sample; and

- An estimate of how representative of the whole population the sample size is.

Sampling is a convenient practical way to collect data when the population is infinite or extremely large, thus making a study of all its elements impossible. Gathering data on sampling is less time consuming, less costly since the costs of research are proportional to the number of hours spent on data collection.

4.4   **POPULATION**

This refers to the entire set of objects and events or group of people which is the object of research and about which the researcher wants to determine some characteristics. It is the total collection of elements about which we wish to make some inferences (Cooper & Schindler, 1998: 215-216).

In this study, what constitute a population size are the South African tertiary institutions of higher learning. However, the scope of this research project was narrowed to institutions such as the University of Pretoria, University of the Witwatersrand, and the University of Cape Town. This selection was found to be advantageous as a way of facilitating the feasibility of the study, as well as selecting the sample size.

It should be emphasised that population parameters and sampling procedures are of paramount importance and become critical factors in the success of the study. It is therefore of necessity to consider carefully the size, selection, and parameters of the population (Leedly, 1997: 203).

4.5 SURVEY RESEARCH METHODS

Survey research uses self-report measurement techniques to question people about themselves, their attitudes, behaviour, and demographics (age, income, race, marital status, etc) (Cozby, 1997: 90).

Survey method is also an important way for researchers to study relationships among variables, and ways that attitudes and behaviours change over time. When scientific sampling techniques are used, the survey results can be interpreted as an accurate representation of the entire population. However, the form a survey takes differs considerably depending on the intentions and dispositions of the researcher (Gill & Johnson, 1997: 78).

4.5.1 Descriptive Surveys

A descriptive survey is concerned primarily with addressing the particular characteristics of a specific population of subjects, either at a fixed point in time or at varying times for comparative purposes (Gill & Johnson, 1997: 81).

Descriptive surveys share a concern to secure a representative sample of the relevant population with a view to coming up with findings that are generalisable. In other words they have population validity. They may be used to ascertain views and opinions of an organisation's workforce. Such surveys may be undertaken, for example, to assess job satisfaction, motivation, morale and stress.

4.5.2 <u>Analytical Surveys</u>

This study examines the relationship between top management's entrepreneurial orientation and organisational performance.

It seems to suggest that the use of an entrepreneurial management style and company performance were contingent upon the state of the organisation's structure (Gill J & Johnson, 1997: 83).

Survey research is used to explore a substantive area by the use of either questionnaires or interviews to collect data in an inductive form. Such information is obtained from people about their impressions, attitudes and behaviour.

The following two techniques prevalent in research surveys are highlighted:

- Interview

    It is an oral examination, which involves social interaction between two or more people. It is a consultative meeting aimed at obtaining some personal views (Oxford English Dictionary). Data collection through interview has the potential for all sorts of bias, inconsistencies, and inaccuracies. However, the advantage thereof is its flexibility, prompt response rate, and the observation of non-verbal queues that would help in assessing the validity of the respondent's answers (Bailey, 1982: 182).

- Questionnaire

    In constructing a questionnaire, it is important that the focus thereof should adequately cover various aspects of the research

problem in detail. In a nutshell, questionnaires should be designed to fulfil a specific research objective (Leedy, 1997: 191-192).

Questionnaires have to be thoroughly edited and pre-tested out on a small sample of people with a view to establishing their validity. Conducting a pilot study prior to the main survey allows any potential problems in the proforma of the questionnaire to be identified and corrected. Each question has to be meticulously and precisely phrased in order to elicit the answer sought by the researcher. A general observation has shown that mail surveys have lower response rates than telephone surveys. However, follow-up reminders for returning of questionnaires are often effective in increasing response rates (Cozby, 1997: 96-98).

In this study the questionnaire method is preferable as it generally costs less than interviews. Questionnaires could be administered in groups or mailed to people in order to assure respondents of their anonymity. However, questionnaires require that the respondents should be able to read and understand the questions, in order for them to write down answers.

This particular survey is intended for UNW employees who would be impacted either positively or negatively by the envisaged privatisation move which had been strongly supported for by management.

4.6   **DESCRIPTIVE STATISTICS**

Descriptive statistics are being used in this study in an attempt to infer some properties of the population obtained from the sample findings.

About forty (40) questionnaires were distributed amongst Managers and Administrative staff. Feedback was received from thirty-two (32) respondents, constituting eighty percent (80%) of the entire population.

Therefore one could safely draw a conclusion that this is a well-balanced representation of the targeted sample size.

A summary of a record of respondents is depicted in table 4.6.1

TABLE: **4.6.1** A summary of responses as obtained during the questionnaire Survey

RESPONDENTS SUPPORTING PRIVATISATION	RESPONDENTS ANTI-PRIVATISATION	RESPONDENTS UNABLE TO JUDGE	TOTAL EVALUATIONS
08 + 04	18	02	32
25% + 13%	56%	6%	100%

Total questionnaires dispatched to respondents: **40**

Total questionnaires received from respondents: **32 (80%)**

Out of a total number of 40 questionnaires that were distributed, only 32 were received from respondents. This constitutes 80% of the questionnaires dispatched.

TABLE: 4.6.2 Illustrates the Period of service/work experience in respect of employees who have responded to this survey exercise.

PERIOD OF SERVICE	RESPONDENTS	PERCENTAGE
0 - 5 Years	9	28%
6 - 10 Years	12	38%
11 - 15 Years	9	28%
16 - 20 Years	2	6%
TOTAL	32	100%

As illustrated in the table, most of the respondents (38%) had a period of service between 6 - 10 years.

TABLE: 4.6.3 Highlights the issue of Gender sensitivity, which was taken into consideration during the distribution of questionnaires.

GENDER	RESPONDENTS	PERCENTAGE
Female	12	38%
Male	20	62%
TOTAL	32	100%

Majority of respondents (62%) are males

TABLE: 4.6.4 Indicates the balanced distribution of questionnaires amongst various positions occupied by respondents.

JOB TITLE	RESPONDENTS	PERCENTAGE
Director	2	6%
Manager	6	19%
Departmental Head	1	3%
Senior Administrator	7	22%
Admin Officer	10	31%
Secretary	6	19%
TOTAL	32	100%

Positions of respondents at the higher levels of the hierarchy were those of Directors (6%), as well as Managers constituting (19%).

TABLE: 4.6.5 Analyses employees who strongly support the move to privatise some administrative functions of the University.

RESPONDENTS	NUMBER	PERCENTAGE
Those who support privatisation of administrative services at tertiary institutions, with special reference to the University of North-West.	12	38%

Total number of respondents who support the move to privatise administrative services at the UNW were collectively constituting (38%) of the entire surveyed sample.

TABLE : 4.6.6 Respondents who are totally against outsourcing of some administrative services at tertiary institutions.

RESPONDENTS	NUMBER	PERCENTAGE
Those who are totally opposing outsourcing of administrative services.	18	56%

Majority of respondents (56%) were against privatisation. They totally discouraged management's intentions of outsourcing some administrative services to private sector management.

TABLE: 4.6.7 An indication of respondents who were unable to judge about the The process of privatisation.

RESPONDENTS	NUMBER	PERCENTAGE
Those respondents who were unable to express an opinion with regard to the difference between public versus private sector management.	2	6%

At least a fraction of respondents (6%) chose not to express their opinions regarding the process of privatisation. Maybe it was because they were not knowledgeable about the subject or they preferred to remain neutral.

TABLE: 4.6.8 Is a reflection of the number of employees who are in support of the outsourcing of services because they anticipate that private sector management has more benefits than the public sector.

RESPONDENTS	NUMBER	PERCENTAGE
Those who feel that privatisation would generate more benefits than the pubic sector.	12	38%

An average number of respondents (38%) were in support of privatisation because they anticipated more benefits in private sector management.

TABLE: 4.6.9 Highlights the perception of employees who feel threatened by the process of privatisation because they would be victims of retrenchment.

RESPONDENTS	NUMBER	PERCENTAGE
Those who perceive privatisation as a management technique to lay-off employees through the process of retrenchment.	19	59%

A fairly large majority of respondents (59%) were threatened by the privatisation move because they would be victims of retrenchment.

TABLE: **4.6.10** Illustrates perceptions of employees who wanted to benefit from democratic ideologies such as Affirmative Action and Gender Equity .

RESPONDENTS	NUMBER	PERCENTAGE
Those who feel that private sector management is not favourable because it does not uphold the principles of affirmative action and gender equity.	23	72%

An overwhelming majority of respondents (72%) expressed their desire to benefit from the practice of democratic ideologies such as affirmative action and gender equity.

TABLE: **4.6.11** Depicts the number of employees who felt intimidated by the process of privatisation as a result of reduction in their salaries and other fringe benefits.

RESPONDENTS	NUMBER	PERCENTAGE
Employees who believe that private sector management would result in their salaries and other benefits being adversely affected to the detriment of their social well-being.	20	62%

About 62% of respondents expressed their fear towards privatisation because they anticipated reduction in their salaries and other benefits.

The above data can be graphically represented by means of a **BAR CHART**.

GRAPH REPRESENTING RESPONDENTS' PERCEPTIONS ON PRIVATISATION
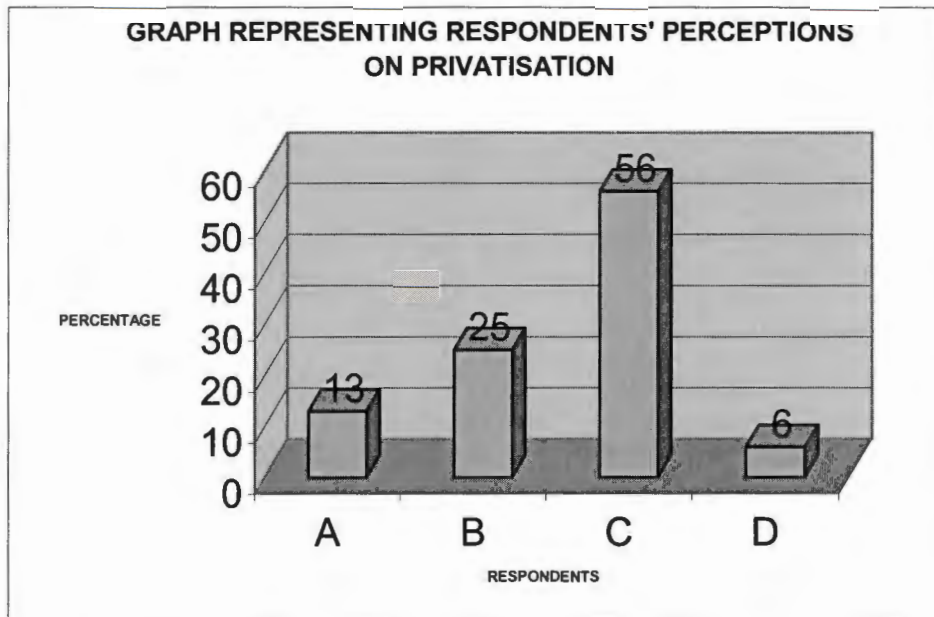
(A)   Strongly Agree

(B)   Agree

(C)   Disagree

(D)   Unable To Judge

4.7   CONCLUSION

A critical part of the science of survey research is the empirical evaluation of survey questions.

The quality of data from a survey depends on the size and representativeness of the sample from which data is collected, the techniques used for collecting data, and the extent to which the questions are good measures. This could be equated to what Methodologists referred to as "Total Survey Design" (Bickman & Rog, 1998: 343 -344).

CHAPTER FIVE

RESULTS AND INTERPRETATION

5.1   INTRODUCTION

The primary purpose of this chapter is to examine the results of the study with a view to verifying any inconsistencies and whether any type of bias and errors could have occurred.

This is a vital stage of the research where findings are thoroughly and critically reviewed to detect any errors of measurement, bias and mistakes which could have distorted the description of the aspects of social reality under study (Bless & Higson-Smith, 1995: 59).

According to Cooper & Schindler, (1998: 466), this is an application of inductive reasoning, where one moves from specific facts to general ones but with tentative conclusions. Consequently, on the basis of data found in the sample, one could draw conclusions about the properties of the entire population.

5.2   PRESENTATION OF RESULTS

The perceptions of respondents about privatisation of administrative services could be elaborated as follows:

25% of respondents generally support the move to privatise. Their opinion is that privatisation will generate more benefits for employees than the current public sector management.

They view the privatisation option as part of institutional transformation process, which is part of the National Plan on Higher Education. Their underlying fear about the process is that employee retrenchment becomes an eventuality.

13% of respondents, especially those who are in management positions, strongly advocated privatisation as a remedial measure to address institutional problems currently encountered. They feel that employees who are against privatisation fear challenge and the repercussions of change.

56% of respondents strongly oppose privatisation on the grounds that it does not uphold the notion of affirmative action and gender equity. Furthermore, job performance (high productivity) is the only criterion for promotion and self- development rather than academic excellence.

6% of respondents had mixed-feelings about the process of privatisation. They were thus unable to express their judgement regarding the consequences of privatisation.

In summary, one could, on the basis of results obtained from the study, acknowledge the importance of changing the public sector approach to be profit orientated. However, concerns raised by respondents relating to private sector administration are of importance and therefore cannot be ignored.

Furthermore, it would be advisable to reveal the benefits of joint ventures between private and public sectors management so as to encourage competition and improved industry performance.

Given the fact that approximately 37% of employees are in favour of the process of outsourcing of some administrative services, it is evident that the move to privatise cannot be totally ignored even though there are some problems reflected. Instead, there is a need to strike a balance by incorporating some principles of private sector management into the public service so as to maximise profitability, and on the other hand, protect employees' social basic need of job security, profitability and administrative efficiency aimed at alleviating the fears of employees who are anti-privatisation.

Although it is clear that the majority of the labour force (56%) are threatened by the engagement of private enterprises, it is a matter of fact that the process of privatisation is part of the institutional solution to the prevailing problem of inefficiency and low productivity.

5.3   **INTERPRETATION OF RESULTS**

According to information gathered from UNW employees by way of questionnaire survey technique, it is explicit that the Staff Association and its constituency are collectively fighting any management efforts to contract-out administrative services. However, on the other hand, those who are occupying managerial positions (25%) strongly advocate outsourcing because they are in authority and therefore their jobs are said to be of strategic importance. In these positions, they are seldom retrenched.

The surveyed information could be subjected to the following interpretations:

- That the majority of the workforce (56%), especially from the middle ranks downwards, are anti-privatisation because they feel that their job is not secured.

- Furthermore, they speculate that their salaries and other benefits such as study-leave, overtime payments, and travelling allowances could be drastically cut if the private firm is to take over as the new service provider.

- Some perceive privatisation as a management technique used by those who are in authority to lay-off employees at the lower levels of the institutional hierarchy by way of retrenchment.

- On the contrary, they preferred the process of transformation whereby the principles of Affirmative Action, Employment Equity and Gender Equity are enforced.

- The Staff Association, as the employees' mouthpiece, is also not in support of any efforts that are earmarked at facilitating the outsourcing of administrative services. It has been established that during negotiations, the Staff Association tried by all means to swerve Management to go for other options rather than outsourcing. They once proposed that instead of engaging a new private firm, retrenched employees could be registered as a private company so that they could be given the responsibility to render outsourced services.

However, it should be mentioned at this stage that, seemingly, the mounting of the process of privatisation at the UNW is still in abeyance. Some employees even think that the process has been abandoned especially after the reshuffling of the University Top Management positions.

From the responses gathered, there is a general hope that the recent appointment of a substantive Vice-Chancellor may result in an alternative plan to privatisation to the relief of the workers who were already disillusioned as a result of looming retrenchments.

5.4   CONCLUSION

Even though employees at various levels are expressing varied opinions on the outsourcing of services, it remains clear that majority of them are against such a move. On the other hand, it should be observed that almost all the private consultants who were engaged in the exercise of forensic audit, job evaluation, and grading of posts at the UNW, have recommended the outsourcing of some administrative functions as part of the solution to most of the administrative problems identified within the institution.

Though implementation of the process of privatisation at the UNW is currently stalling, its revival is long overdue and should therefore be encouraged for compliance with the terms of the University Business Plan.

CHAPTER SIX

DISCUSSION, CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

6.1   INTRODUCTION

This chapter primarily reflects on some administrative issues of major concern at the UNW which need to be addressed with due haste in order to enhance maximum performance and efficiency. On the basis of earlier discussions on the process of privatisation, some conclusions are drawn, implications sketched, and recommendations made which will serve as building blocks in the field of research.

6.2 DISCUSSIONS

As a result of the already identified administrative pitfalls at the UNW, it has become imperative that the following issues, which are fundamental to effective and proper co-ordination of administrative services, should be looked at with a critical mind.

- Management Competency

Management skills need to be developed as the administrative structure changes and professional responsibilities diversify.

As most of the tasks become increasingly complex, this requires adeptness in management functions in order to realise competency at the top levels of the organisation. Therefore the need for the necessary training of employees in management positions cannot be over-emphasised.

- Finance

Budgeting being the core administrative function in an institution, the efficient system of financial planning, budgeting, and financial management has proved to be both crucial and imperative for effective service delivery. Therefore such an essential component in administration should not be divorced from strategic management objectives, otherwise the mission of the institution will fail.

- Communication

It has been established that various organs within the UNW structures lack smooth and effective channels of communication. As a result, essential information takes too long to filter through from the higher echelons to lower-level staff and students. More often, this leads to unnecessary delays, and accusations which culminate into bad faith negotiations.

It is advisable that UNW Management should always consult and obtain consensus from all stakeholders before embarking on a critical exercise like privatisation.

- Transformation

It is imperative that transformation initiatives at the UNW should address the prevailing employees' problem of low morale, and try to change their relaxed attitude. Employees should be adequately trained and counseled with a view to

inculcating a sense of being proactive and committed. Their sense of belonging and ownership of the institution should be developed.

Staff members should be motivated to put aside their private agendas and other obstructive intentions so as to rise to the current challenge posed by the National Ministry of Education on institutions of higher learning. The institution's Mission Statement as well as its Business Plan should serve as the operational framework.

The privatisation process at the UNW has been observed to be too slow to be implemented. This could be attributed to the following:

(i)   Hesitant attitude of Management towards privatisation given the negative attitude of the Staff Association.
(ii)   The reshuffling of management positions as well as the long vacant substantive position of the Vice-Chancellor was enough proof for lack of leadership and resolute decision making especially during the turbulent times of restructuring.

Privatisation is observed to involve substantial change in factors affecting managerial and therefore corporate behaviour. However, there must be reasonable basis for prediction of securing a risk-free financial environment while the necessary managerial change is accomplished.

The consequences of privatisation are that many aspects of policy which have been neglected or left implicit have to be explained. The nature of making decisions is essentially kept sequential. This process should be perceived as part of the political ambition aimed at building a property-owning democracy. Small, micro, and medium enterprises (SMMEs) have gained economic grounding by becoming shareholders for the first time.

In order to change South Africa into a world class economic giant, we need to have a well-managed privatisation programme coupled with extensive de-regulation.

This could liberate our economy in general, and in more specific terms, this would help most institutions by eliminating restrictive labour practices.

Managerial efficiency would increase only if government refrained from intervening in industries, but as long as industries are nationalised, such self-restraint is implausible. Nationalisation is not commercially oriented, instead it delays inevitable adjustments to market forces.

Privatisation needs to be accelerated particularly in the light of declined administrative production in tertiary institutions. In the final analysis, extensive research programmes should be developed in order to breed productive public-private sectors collaboration.

6.3   **CONCLUSIONS**

Public sector management should adjust with a view to meeting the challenges posed by the process of privatisation. On the other hand, splitting up an institution might involve sacrificing economies of scale or scope. However, business leaders perceive private sector management as the cornerstone of a strong economy and therefore tertiary institutions should have an optimistic approach towards privatisation. Employees should be well prepared in advance by way of on the job training, and counseling in order to cope with the challenges posed by privatisation.

Equal to its strengths, privatisation also poses some challenges, which in turn tests management capacity in terms of planning, control, finance, and implementation of administrative programmes.

Based on the findings of this study, and the postulate that was formulated earlier, it is now concluded that decentralisation of administrative services is a niche area for enhancement of efficiency and productivity.

6.4   IMPLICATIONS

This study examines the form of the changes in tertiary institutions brought by the new South African context and the implications thereof in relation to the market structure, which takes place during institutional transformation in general. Particular attention needs to be focused on the engagement of private sector management.

Unlike the public sector, private enterprises will inevitably tailor their services towards where the greater profits are rather than where the greater needs are. Similarly, tertiary institutions should no longer function like welfare organisations, instead they should operate efficiently and effectively on a profit-oriented mission in order to maintain their financial stability

More often, the outsourcing of administrative functions to the private sector management has brought about clashes between labour movements and management of institutions. This brings about an element of animosity and consequently stifles the restructuring process.

In summary, privatisation may mean a cutback in jobs through retrenchments because it tends to increase economic efficiency with a resultant reduction in costs, including labour.

It could provide more opportunities for management buy-outs because of the smaller units. Furthermore, it would enhance devolution of authority.

6.5   RECOMMENDATIONS

In order to ensure expert capacity in the general administration of the UNW, and further bring the institution in par with other tertiary institutions within the South African context, the following recommendations are hereby made:

- **Department of Finance**

Keeping an appropriate financial accounting records could be achieved by putting in place an efficient and user-friendly computer information system. In addition, unnecessary bureaucracy which has proved to be too manual, time consuming, and cost-effective should be discarded.

There should be put in place an excellent asset control mechanism in order to maintain an up-to-date inventory register with a view to curbing theft of University property.

- **Human Resource Department**

There should be a reduction of too much laborious paper work that is being used for recruitment of staff and other records. The recruitment procedures should be short-circuited in order to curtail unnecessary staff recruitment protocol. Otherwise potential candidates may loose interest in the process. All staff records should be computerised in order to keep an updated staff profiles and employees' qualifications inventory.

- **Information Technology**

In order to adequately support all other administrative operations, it is crucial that the institution should sustain and maintain a sound, modern information system. End-users should be exposed to extensive computer training programmes for purposes of optimal utilisation of the information system within the institution.

An advanced information system will facilitate efficient communication linkages between various databases both internally and external to the institution.

The currently used Unitrust system has gradually proved to be outdated. Therefore the model should either be thoroughly revamped or replaced because it is unable to meet the basic requirements of the institution.

- **Office of the Vice-Chancellor**

Now that a substantive position of Vice-Chancellor has been filled, this should be a real blessing for the institution in terms of policy consolidation as well as offering leadership roles. As the Chief Executive Officer of the University, the Vice-Chancellor should steer this institution to greater heights by driving the implementation strategies of transformation, including privatisation.

- **Public Relations Department**

In every organisation, the Public Relations Office is like a window to the outside world, therefore it should be highly empowered to solicit financial donors especially from external sources. This department should be fully utilised to market all the programmes offered by the University, as well as for both staff and student recruitment. Therefore it should be equipped with the necessary training and resources.

- **Retrenchment**

Policy on retrenchment should be clearly documented in the Recognition Agreement signed between the University Management and the Staff Association. This will curb any disputes that may arise in future between employees and management.

The University Council, as the supreme body, should restrict its role to that of advisory, policy formulation, and public accountability rather than being involved in administrative functions.

6.6 SUMMARY

The majority of South Africans are anti-privatisation, largely because there is a general lack of detailed, grass roots based preparation for the process.
On the other hand there is over-ambitiousness on the part of the private sector, including politicians.

The privatisation process also requires deregulation. This will relax economically inhibiting legal requirements and thus enable the market economy to function freely without any government interruptions and restrictions.

On the basis of the aforementioned, it is evident that privatisation will protect private property rights while stimulating competition between corporations. It is mainly focused on the areas of control, ownership, production and finance.

The process of privatisation should be approached as an incremental change that should occur on a relatively small-scale, and designed to solve a particular problem or to enhance the performance of a particular sub-section in an organisation.
The entire institution as well as employees should be orientated to come to terms with the scale of change. Training opportunities should be availed to employees.

Productivity and performance efficiency will continue to be a daunting task and the toughest challenge facing managers in most of the institutions nowadays.

Consequently there is a need to establish the responsiveness and adequacy of the existing services and the extent to which they meet customer needs.

The UNW Management together with the Staff Association and other stakeholders, should meet in order to map-out how to finalise the restructuring process and possible privatisation of public-owned facilities within the University. Some concerns raised by employees should be treated on merit, and should not be dismissed outright.

Policies which will serve as regulatory mechanisms for privatisation as a way of restructuring have to be formulated. Such policies will most probably facilitate negotiations and further unlock areas of uncertainty and fears for change. Private management principles are undoubtedly required in tertiary institutions in order to ensure discipline and the achievement of maximum output.

The political perspective about privatisation is that it is the elimination of the ability of any government to determine the direction of the economy altogether because the economic power will now be in the hands of private enterprises. Government will have no economic power by which to influence the direction of the economy. It will become empty shells and the right to elect a government will come to have less and less meaning. In this way one of the important democratic rights of the people will have been silently taken from them.

Given the aforementioned facts, it is therefore imperative to measure the level and direction of institutional performance, and further compare it with the option of outsourcing of administrative services.

Administrative utilities in nationalised institutions should be privatised only if the net benefits to employees and consumers are positive. In the event where private sector capacity or interest is not sufficient, the national mechanisms should take responsibility.

(Specimen Letter)

RESEARCH   QUESTIONNAIRE

Dear Respondent

I am a student at the University of North-West pursuing the degree of Master of Business Administration (**MBA**). I am currently conducting a research survey in partial fulfillment of the requirements for the said degree. The topic under study is as follows:
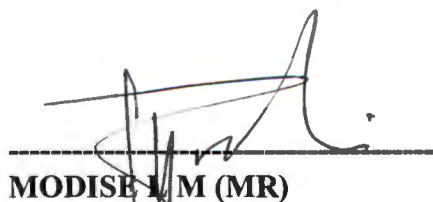
The Impact of Privatisation of Administrative Services at Tertiary Institutions with Special Reference to the University of North-West.

OBJECTIVES OF THE STUDY

- To determine the benefits and flaws of the process of privatisation;
- To highlight the importance of changing the public sector performance approach to be profit orientated; and
- To demonstrate a wider share ownership between private and public sectors with a view to encourage competition.

NB: The primary purpose of this exercise is purely academic therefore respondents are earnestly requested to respond fairly and honestly to questions. Information provided by respondents will be treated in high confidentiality. You may not disclose your identity.

Your anticipated co-operation in this regard will be highly appreciated.

MODISE L M (MR)

Tel: (018) 389 2023
Fax: (018) 389 2281

INSTRUCTIONS:

1) **Indicate your response by marking with an "X" next to the question**
2) **Answer all questions in all sections**
3) **Use ink-pen, not pencil**
4) **Completed questionnaires should be returned to Room C3, Base Building, not later than 25 August 2001.**
5) **(a)** - **Strongly Agree**
   (b) - **Agree**
   © - **Disagree**
   (d) - **Unable To Judge**

SECTION ONE

(Questions to determine your perception about the process of privatisation)

	A	B	C	D
1.1 Do you generally support the move to privatise administrative services at tertiary institutions. This includes cleaning, maintenance, and campus protection services.				
1.2 In your opinion does privatisation generate more benefits for employees than public sector management.				
1.3 Privatisation is a management technique used to lay-off employees by way of retrenchment.				
1.4 Does privatisation form part of institutional transformation which is part of the National Plan on Higher Education.				
1.5 Would you opt for privatisation instead of public management				

SECTION TWO

(Questions relating to the timing of the implementation of the process of privatisation)

	A	B	C	D
2.1 Is the process of outsourcing of admin services advocated for at the right time.				
2.2 Are both the employer and employees ready for the challenges envisaged from this process				
2.3 Were all the relevant stakeholders consulted with regard to outsourcing of services				
2.4 Did the Staff Association participate in the planning stage of the introduction of privatisation.				
2.5 Is this process viewed as the only remedial measure to address the institutional problems currently encountered.				

SECTION THREE

(Questions relating to training, orientation and counselling of employees in preparation to the notion of privatisation)

	A	B	C	D
3.1 Does privatisation have skills development as a priority in its objectives.				
3.2 Do private enterprises uphold the notion of affirmative action and gender equity.				
3.3 Job performance (high productivity) is the only criteria for promotion rather than academic excellence.				
3.4 Employees have been duly counselled with a view to be able to deal with the consequences of outsourcing. including those that will unfortunately face retrenchment.				
3.5 The process of training and development are open to all employees with no discrimination				
3.6 Privatisation allows for more innovative ideas which result into employees' need satisfaction and self fulfillment				

SECTION FOUR

(Questions relating to the job content)

		A	B	C	D
4.1	After a total take-over by a private company, would there be any changes in your job description				
4.2	Would your salary and other benefits be adversely affected.				
4.3	Profitability, as well as the effectiveness of how the institution manages its affairs would be improved as compared to the previous years.				
4.4	The ability of the institution to communicate its goals to all its employees becomes effective				
4.5	University resources would be utilised sparingly and productively				
4.6	The quality and effectiveness of disseminating information (communication) within various structures of the University would improve during private sector management.				

SECTION FIVE

(Information relating to biographical data)

NB: Although the survey is anonymous, please indicate your appropriate position with a view to facilitate more accurate analysis of information provided by the respondent.

5.1   Job Title

Director	
Manager	
Departmental Head	
Senior Administrator	
Admin Officer	
Secretary	

5.2   Period of Service at Work

(How long have you been occupying this position/work experience)

0 - 5 Years	
6 - 10 Years	
11 - 15 Years	
16 - 20 Years	

5.3   Gender

Female	
Male	

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