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# **The African University in the 21<sup>st</sup> Century: The Quest for Self-Financing in the Zimbabwe Open University**

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## **Abstract**

*This paper argues that the higher education sector in Zimbabwe has changed significantly from what it was in 1957 when the University of Zimbabwe was established. Due to excessive demand for higher education, and the unavailability of adequate funding, universities need to borrow concepts from the world of business to survive in a volatile market. Institutions such as the Zimbabwe Open University have developed a strategic plan and a balance scorecard that is intended to assist the institution in responding to competitive forces within the higher education sector. Funding remains one of the main challenges for universities. Therefore, we have to develop structures, processes, cultures and products that will enable us to move away from viewing universities as cost centres to profit centres that generate income and in the process improve our products and processes.*

## **Introduction**

The Zimbabwe Open University (ZOU) was established by an Act of Parliament in March 1999. Its mandate is to provide tertiary education and training to Zimbabweans and student in the Sub-Region using what is known as a dual mode of instructional delivery of teaching and learning materials. Zimbabwe, like most sub-Saharan African countries is unable to absorb all its students who are qualified to access tertiary education and training. For instance, the Zimbabwean education secondary school system produces close to 300 000 students annually. Only a paltry 30% are absorbed by both the formal and informal employment sectors.

The Advanced Level system we have maintained since independence in 1980 absorbs only about 10 000 students annually. Less than 3000 make it to our conventional universities. Statistics of young Zimbabweans going abroad or to South Africa every year are not available. This means that there are a number of students who should be enrolled in universities but are not able to do so because entry to university education is limited by a number of factors as will be discussed. As such, existing universities are unable to cope with the demand for tertiary education. As a distance teaching and open learning institution, ZOU was established so that it could provide university education and training which is flexible, relevant, accessible and most effective. ZOU now has an enrolment of 22 262 students in fifteen undergraduate and postgraduate degree programmes.

### **Challenges facing higher education**

Challenges being faced by the Zimbabwean tertiary education and training sector include those that are endogenous and those that are exogenous. The endogenous factors and forces are a direct result of the current state of economic affairs in the country. With a population of almost 12 million people and a GDP of US\$8.2 billion, Zimbabwe is one of the poorest countries in the world; with a GDP per head of US\$720. In contrast, South Africa has a GDP of US\$120.2 billion and a GDP per head of US\$3210. With a life expectancy of 45 years for men, Zimbabwe is facing challenges in all its sectors that also affect the provision of higher education and training. Endogenous challenges facing the tertiary education sector include the following:

1. Inability of the State to provide adequate funding to institutions of higher learning for capital and recurrent expenditure;
2. The political and economic dimension of user fees which have led to delays in charging realistic fees within the tertiary education and training sector,

3. Difficulties faced by universities in retaining senior and experienced academic due to poor conditions of service and remuneration packages;
4. External threats from well-established and funded universities from South Africa, Australia, Asia, Euro, North America; and
5. Challenge in the political climate of Zimbabwe.

However, there are other exogenous forces whose origin is global that are influencing change in the African university in a very radical way. These forces have a bearing on financing the university and include the following:

1. The changing nature of the Zimbabwe economy as it moves towards a more full-fledged market economy and a decentralized system where privatization is becoming the norm;
2. New paradigms and needs in education and training with a focus on lifelong learning student choice and flexibility in learning and the changing nature of knowledge for a regional, African and a global economy;
3. The ability of the African university to respond to unpredictability and a seamless web of knowledge and its ubiquity that has been ushered in by the worldwide web and the Internet; and
4. The changing nature of work in universities especially with the increases in labour costs, a knowledge based workforce and the new role of labour unions in the economy and universities in particular.

ZOU, like other universities in the sub-continent, had to be responsive to such challenges by adopting measure that are almost germane to private sector companies in terms of responding to and managing the change process that is triggered by forces outside and within the university system.

As indicated in the World bank Report (1994; 4), reforms in the higher education sector in Zimbabwe and ZOU in particular have followed patterns that have been adopted in other developing and developed countries. These include:

1. The encouragement of differentiation in universities with an increasing role of private sector participation in the provision of higher education and training;
2. Creating an enabling environment for public institutions to diversify sources of funding including cost sharing with students;
3. Outright encouragement of the local and foreign private sector participation in higher education and training and;
4. A refocus on quality and equity concerns by introducing structures such as the envisaged National Council of Higher and Further Education and Training.

However, in trying to manage and lead change, ZOU has taken a different view to change management. We see the management of change in an environment with scarce resources as leading change. As is so cogently argued by Brown and Eisenhardt (1998), managing change is the ability to create change so that others in the higher education sector will react to it. To adopt this view, ZOU had to make certain choices in terms of its strategic planning and change management. These choices were to do either of the following strategies;

1. Continue to do our education business as usual and decay;
2. Adopt best practices in tertiary education and just survive, or;
3. Redefine and reposition ourselves in the country's higher education sector so that we prosper.

In this regard, ZOU, as a learning organisation, had to think differently and

laterally about itself, its processes, structure, culture, programmes (products) and student body. On this schema, the concept of a balanced scorecard was also included.

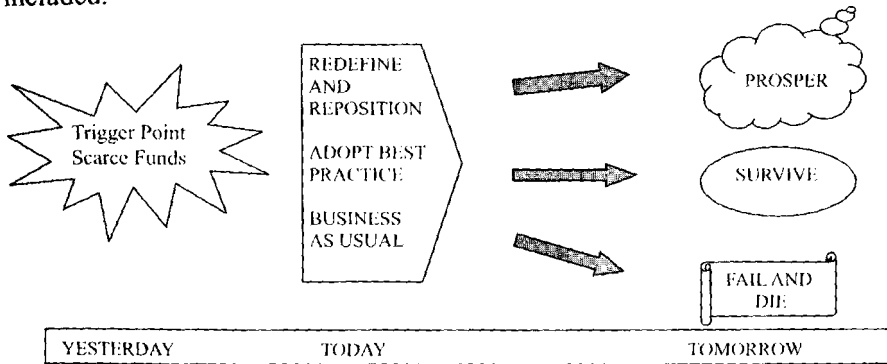


Figure 1. Choices Faced by ZOU in a Changing Economy and Higher Education Sector. (Adapted from Douglas F. Aldrich, 1999: 216)

As shown in Figure 1, ZOU has opted to continually re-define itself so as to prosper in a highly competitive educational market dominated by prestigious local and international universities which may make use of e-learning.

### Managing and sustaining the strategic challenge in funding

ZOU had to adopt creative and innovative measure to assist us in managing the change process in funding the university. In 1999, ZOU requested Z\$40 million for its recurrent budget and it was granted only Z\$103 million. Therefore, the institution had to develop strategies of sourcing funding for all its operations. In adopting this approach, we were guided by a framework based on a model of managing the strategic challenge of lack of resources developed by Brown and Eisenhardt, (1998) in which they posit that for institutions to survive, they have to lead change rather than react to it especially in economies like ours where the effect of globalisation have racked havoc rather than bring in socio-economic benefits. In such a schema, ZOU has to be market and product driven so as to

create new markets for our programmes and raise education standards in the sector especially in materials production. In the process ZOU intends to redefine student expectations or even increase the pace of industry cycles in the higher education provision in this country.

As far as globalisation is concerned, this paper adopts a midpoint between two perspectives; the hyperglobalist (one world) hypothesis and the transformational hypothesis which argues that the contemporary processes of globalisation are historically unprecedented (Hudson, 2000; Micklewain & Woolridge, 2000). The midpoint is a sceptical hypothesis to globalisation where the nation state still has an agency in a global world.

ZOU's strategy of developing quality programmes, marketing and income generation is premised on the view that we have to focus on the following:

1. Increasing the pace of developing new products and utilizing available technologies;
2. Creating new markets in the country and the region as we work on branding of our products, relevance and reputation of the institution;
3. Striving to raise the education standards at ZOU and in the country;
4. A commitment to redefine student expectations, and;
5. Increasing the pace of industry standards locally and regionally in certain programmes such as Educational Management, Nursing Science and Physical Education.

This conceptual schema enables us to go beyond reaction and anticipation of what may happen within the higher education and training market in Zimbabwe. Our strategic plan become the main vehicle through which ZOU will achieve its vision and mission of becoming a premiere distance teaching and open learning institution in the sub region. Our new system of performance



management based on individual key result areas and the notion of a balanced score card is our dynamic tool for managing the implementation and monitoring of our strategic plan at all levels. In other words ZOU is now poised to achieve a strategic fit between its strengths, weaknesses and opportunities. As articulated in our strategic plan, our main strength is that we are the first distance teaching and open learning institution in the country. We have also become the second largest distance teaching and open learning institution in the region after the University of South Africa (UNISA). ZOU strategic plan that is being put in place is not a static document but is an active framework for planning units and staff in the following key areas of strategic planning and management:

1. Continual strategic analysis which involves all key stakeholders;
2. Dynamic strategy formation which takes place at both faculty, departmental and regional levels, and;
3. Scrutiny of strategies and codification of strategies that are essential in an environment with scarce resources.

To recreate the university and manage change in a hostile financial environment, ZOU has had to take a number of strategic choices that include the following:

1. Expanding channels of instructional delivery by redefining the nature of our student and knowledge delivery modes and methods;
2. Developing a new learning infrastructure in which the notion of a course is also redefined in view of the adult learner and hi/her needs;
3. Linking traditional teaching methods with a gradual introduction of information technology and a comprehensive management information system that drives all our activities including instructional technology, student administration, library services, financial management, human resources and facilities management, and;

4. A market approach to programme planning, development and implementation and evaluation which is based on strategic partnerships with other universities in the country, the sub region and abroad.

Such a non-traditional approach to education and training definitely requires different approaches to management. Hence, there is now a tendency to group work and horizontal job specialization to develop an *adhocracy* among people who had been used to a very hierarchical and committee based system at traditional universities. In an *adhocracy* we also have to adopt very radical and persistent views of creativity and innovation. In an *adhocracy* we are now trying to move towards a management system that will enable us to exploit all modes of income generation and moving towards a self-financing institution. Such a model is predicated on the movement from a mode one management style to a mode two management style in which we add value to our system by linking the four elements of strategic learning in a university setting. These are:

1. External factors which are educational, political, cultural, and economic;
2. The past, especially the positive and negative residual discourse practices that we have inherited from the University of Zimbabwe;
3. The future with its uncertainties and challenges, and;
4. Internal factors which relate mainly to our organisational processes.

Borrowing from Wood (2000), the articulation of these forces can also be explained diagrammatically as indicated in Figure 2 below. In our schema, the past is from where students paid very little fees. Therefore, cost sharing becomes one of the key elements for fund raising for ZOU. The *adhocracy* and flat structures are critical in moving from the concept of a cost centre to that of a profit centre in the university.

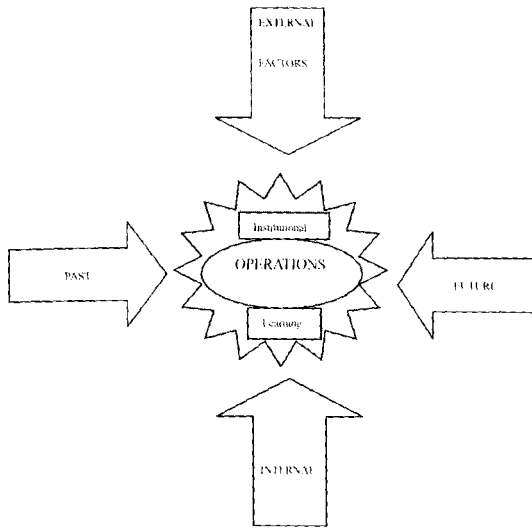


Figure 2. The Four Elements of Strategic Learning Being Utilised in ZOU. (Adapted from Wood, 2000)

### **Break even or make profit?**

In higher education circles, certain concepts borrowed from the private sector are still not acceptable by some academics. The idea of regarding a student as a customer or a client is still unacceptable in some quarters. Worse still, the notion of viewing a university department or faculty as a profit centre is also not acceptable. In ZOU we are coming from the premise that the country can no longer afford to fund universities the way the state used to fund us in the early 1980's. The notion of viewing higher education as a right also needs to be seriously interrogated. When one considers the fact, only a small percentage of an age cohort make it to university in sub-Saharan Africa, then the view that higher education is free needs to be seriously challenged especially in a country with a GDP of US\$8.2 billion!

It is this scenario which should compel us to borrow concepts from the world of commerce and industry on how to run our universities as institutions that

respond to educational markets and the needs of societies in a global economy. This means that we now need to view various activities in universities that were once regarded as the preserve of academics only from a financial perspective. In this schema, the notion of a new learning structure with a fitting organisational structure, organisational culture, and processes are critical for the survival of universities as financial and academic entities. We can no longer ignore the contribution or non-contribution of courses and programmes to the overall financing of a university. Thus, views of horizontal and vertical articulation of programmes should be put in place. The portability of credits from one institution to the other must now become the norm rather than the exception. This means that if a university is to survive financially, then we have to design programmes as teams across disciplines, faculties and universities in one country and indeed across borders. Key focus areas in this view of the university are:

**The learning objectives** (training development trade, professional, technical, enrichment, certificate, skills, knowledge transfer, degree).

**The learning venue or site** (anywhere, on-site, network, on assignment, home, work place, library, laboratory, classroom).

**The learning methods options** (personalized system of instruction, computer based instruction, projects, experimentation, simulation, recitation), and;

**The learning content options** (values, competencies, outcomes, skills, knowledge, choice, assessment, module, course).

For a distance teaching and open learning institution such as ZOU, unit costs can be reduced by focusing on these key areas essential for what is now being referred to as the cognitive phase in leading change in higher education.

Therefore, within ZOU, our strategic planning and management process has already accepted the notion that the institution has to break even and move towards becoming a profit centre by the year 2005. This means that ZOU has to be involved in activities which actually generate income and realize a surplus. The other more serious implication is that ZOU can become a private university. This perspective is necessitated by the fact that government subventions to state universities are actually decreasing. Funding for year 2000 for all state universities was way below what was actually budgeted for. Total government allocation to state universities for the year 2000 was Z\$2.7 billion when the University of Zimbabwe alone requested Z\$2.2 billion. Therefore, ZOU has adopted an approach in which it is charging user fees that are realistic with the hope that the fees will actually remain constant or reduce because of economies of scale. In this regard, local communities take part in financing their own education as opposed to a situation in which users do not pay for higher education when they were paying for primary and secondary education. This is the advantage of distance teaching and open learning. For instance, in 1999 it cost well over Z\$600 000 to educate a BSc. Agriculture student at the University of Zimbabwe, when it was Z\$21 000 at ZOU.

For those students who cannot afford the fees, ZOU has worked out a funding relationship with a commercial bank. Students get loans at affordable rates and money is paid directly into a ZOU account so that the institution is able to improve on its cashflow which is one of the key issues in today's strategic change management in any organisation's cashflow.

This programme has been very successful to such an extent that the university is now exploring the establishment of similar packages with more banks.

### **Activity based-budgeting**

The obvious starting point is activity based budgeting. In 1999, ZOU was involved in a process of activity based budgeting. The process was not smooth and widely accepted because the majority of the staff at National Centre and the Regional Centres had not been fully exposed to notions of activity based budgeting and costing in a university set up. However, ZOU's link with the UZ has resulted in zero-based budgeting being exported to ZOU. Zero-based budgeting has not been fully abandoned at ZOU because of its advantages such as:

1. Allowing costs units to formulate their own financial decision;
2. Examining measures of performance management, and;
3. Addressing cost benefit, cost effectiveness, cost utility and cost feasibility.

When cost centres develop their own budgets, there is an increase in accountability and control at the local level. Units in ZOU are now under pressure to be involved in income generation academic activities. With such financial pressures, academics are induced to examine key issues in the provision of education today which include the following:

1. Technology drivers such as the Internet and satellite based technologies will help to change the academic landscape by the introduction of information and communication technologies that will enhance the accessing of multiple levels of education by students located in various regions and thereby reduce unit costs;
2. The changing nature of academic activities in which costs are reduced when academic begin to see themselves more as designers of learning experiences, process and environments;
3. The changing nature of research and scholarship to a situation in which the solitary scholar is replaced by teams of researchers working across disciplines universities and even nations, and;

4. The development of learning materials packages that are not only user friendly but are interactive and readily usable for collaborative learning which reduces the unit cost for the students who are located in remote parts of the country.

Within a system there is room for flexibility in raising funds for cost centres.

For the time being, these include;

1. Developing short course that are articulated to diploma and degree programmes;
2. Running short courses for other organisations and universities;
3. Selling ZOU teaching and learning materials;
4. Writing materials for private organisations and universities, and;
5. Viewing money markets in the same manner as private organisations, that is being an investor on the money market and eventually a player on the stock exchange.

Universities in North America have been involved in such activities for a long time. This is one reason why their endowment funds are larger than the budgets of most sub-Saharan countries. Therefore, we are not re-inventing the wheel.

What we need to do is to perfect the system by:

1. Making use of strategic plans to seed, drive and catalyse change;
2. Responding aggressively to the changing needs of societies, and;
3. Branding of programmes and developing product and market segments essential in carving a niche for ourselves as universities. (For ZOU education is the main area with over 9000 students to date).

We need to understand what the drivers of higher education will be in our society. Such an understanding should also be coupled with a good grounding and commitment to understanding our environments that impact on higher

education. Such an approach requires ZOU and Africa University in general to manage innovation successfully by continually renewing the idea of the universities in the 21<sup>st</sup> century through creativity and innovation as shown below.

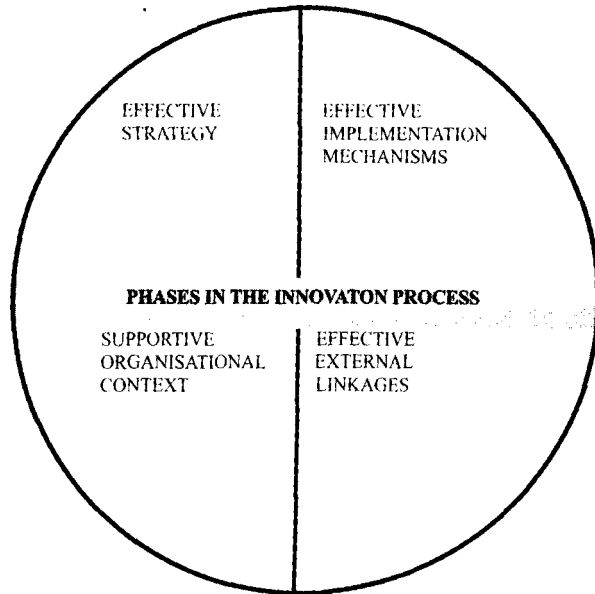


Figure 3. Phases of the Innovation Process. (Adapted from Joe Tidd, John Bessant & Keth Pavitt, 1997)



## **Conclusion**

The basic argument in this paper is that for us to change the provision of higher education in this country there is need for us to examine university governance, structures, processes and cultures and see how they fit the demands of a changing socio-economic environment. In other words we need to transform the university into a value-based organisation. The dual mode of instruction or the distance teaching and open learning university offers an opportunity for institutions to develop and maintain a strategic fit between its core business and its local and international environments. The movement from a profit centre is much easier when we view the university as an institution which is flexible, nimble and has porous boundaries that allow the export and import of energy. The future is no longer in the distant but is here and now. Therefore, institutions that are not prepared for existing at the edge of chaos and in a networked environment will find it very difficult to survive. Universities have to break even and begin to make money while maintaining their roles as centres for research, the quest for truth and knowledge production for a changing country and world.

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