

## **MANGOSUTHU UNIVERSITY OF TECHNOLOGY: Deinstitutionalisation and Reinstitutionalisation**

*This is a report to Professor Jonathan Jansen, the Administrator appointed by the Minister of Education after an investigation by an Independent Assessor at Mangosutho University of Technology (MUT). The comments below are really from the perspective of higher education studies to an 'Administrator', which on reflection may be an appropriate, and an inappropriate job description.*



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## **Brief Background**

In December 2008 the Government Gazette published the report of the Independent Assessor (Dr Maphai, former Professor of Philosophy and currently chairman of BH Billiton [SA]) to the Minister of Education about his investigation into MUT. The Assessor and his team were asked by the Minister to make recommendations about restoring proper governance, management administration and employment relations at the university.

The investigation found, amongst others, that the Council had abdicated its responsibility to the Vice-Chancellor and Principal over a sustained period of time, there were no functioning Audit Committee and no internal audit function, Council had not had sight of audited statements or management letters, the auditors of many years regarded the Principal, and not the Council as their client, and had become 'complacent'.

The Finance committee had not seen Annual Financial Statements, the Chair of the Emoluments committee, whose key function it is to determine bonuses for the senior staff had never attended a meeting, and the minutes of this committee had never served before Council. The tender committee was not functional and for many contracts signatures were incomplete. The separate general ledger, payroll and student accounting systems could not be integrated and the payroll and creditors accounts were not reconciled regularly.

With the exception of a disciplinary code, there were no Council approved Human Resource policies and there is no trade union in a "Vice-chancellor driven environment of fear, subjugation and acquiescence" (p13). According to the investigation, the Council had permitted the Principal and those who execute his requirements to create a culture on campus that is pervaded by fear of injustice, acts of retribution, favoritism and victimisation.

The Assessor recommended that Council suspend the Principal, pending a forensic audit, repeal the MUT statute since it is not aligned with the requirements of the Higher Education Act, that Council should consider its continued work, and that the Minister must appoint an Administrator. Professor Jansen, former Dean of Education at University of Pretoria and Vice-chancellor designate at University of Free State was appointed as the Administrator.

## **Institutionalisation**

When an individual within an institution transgresses, then the individual is suspended or fired, or as is the MUT case, a process of suspension with the aim of termination of employment. The assumption is usually that an individual transgressed institutional rules and regulations, either of the university or the country. However, MUT is a university where an individual did not only

transgress regarding national and institutional rules and regulations, but much more seriously, 'deinstitutionalised' the organization in the process.

For Johan Olsen, the Norwegian political scientist, 'institutionalisation' implies the establishment of rules and repertoires of standard operating procedures with capabilities (competencies) and resources attached to them. In a functioning university this is a complex web of governance and administration. What is so sinister at MUT, and fairly well established in many organisations on our continent, is that in order to enrich themselves, the money is not simply misappropriated, but the institutional structures that are in place to prevent this are dismantled, to make 'looting' (sometimes euphemistically called redistribution) possible and unreported.

This then becomes not an individual aberration, but a serious institutional problem, meaning that the main task of the Administrator is not simply to prosecute and replace particular individuals, but to 're-institutionalise' the organisation.

Deinstitutionalisation can have a curious 'double' effect, namely simultaneous centralisation and decentralisation. It allows for the inordinate concentration or centralisation of power and corruption in a few people, or even a single person, but it also allows for 'individualisation', where numerous individuals (administrators and academics) in silent complicity benefit from, or take advantage of, the disintegrating system (the number of luxury cars in the MUT **West Wing** parking lot is surprising considering the context of the poor community and the fairly 'standard' qualifications and status of the staff).

### **Interpenetration**

MUT was established to serve a particular disadvantaged community in Durban. Ironically, the majority of the 'poor' (academically and financially) students attending this university do not come from Durban at all. It could be argued that the immediate community, with its Inkatha hostels next door, and within an ANC-contested area, is being served by MUT, but not in the way intended.

The US innovation of outsourcing to make institutions more efficient and to allow them to concentrate – in business parlance – on 'core' business', has offered an opportunity for the local community to enter the institution, not through the classroom, but through outsourcing.

As the only source of a stable flow of government funds<sup>1</sup>, plus student expenditure, the university becomes a source of income, and not of knowledge and learning. This phenomenon is well known, but not well studied, in developing countries. (In the NOMA masters programme there is now a student from

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<sup>1</sup> An official estimate of outsourcing at MUT is around R50 million per annum in contracts alone, that does not account for indirect and unauthorized expenditures, which could double the amount.

Cameroon studying the role of the university in economic development in terms of being a source of direct income).<sup>2</sup> In impoverished communities with serious competition for resources, the university is a magnet for entrepreneurs, but not the Gibbons or Burton Clarke types.

Another known, but not properly investigated, phenomenon is the inter-connectedness between some staff (administrators and academics) and Council members, and community entrepreneurs in the 'business' of the university. For example, MUT has three-and-a-half security companies, three bus (read: taxi) operators and numerous caterers, before one gets to 'informal' traders.

From the above it is clear that MUT is hardly an insulated ivory tower; rather it is more like a giant octopus with numerous tentacles that ties it tightly, albeit corruptly, into the finances and politics of the surrounding community, but alas, not academically. This gives a completely different perspective to notions of community service and development.<sup>3</sup>

### **Re-institutionalisation**

It could be argued that the two major tasks of the Administrator are governance oversight and the reorganisation of the administration.<sup>4</sup> The Council is both a case of complicity and abdication of responsibility. The Administrator could probably do no more than put in place a transparent process and recruit at least two to three credible potential Councilors to make themselves available. It will be useful to give the new Council a report outlining the extent of deinstitutionalisation and the tasks they have for 're-institutionalisation'.

One key component will be the new Institutional Statute that should pay particular attention to the aberrations of the previous administration, such as the abolishing of the Council Finance Committee and the malfunctioning of the remuneration committee. The firing of the Principal, and the appointment of a new one is mainly the task of the new Council.

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<sup>2</sup> According to Peter Maassen, after the collapse of communism, the looting of EU aid, and principals becoming powerful local political operators, was much talked about, but not written about in order to maintain 'good relations' for European unification. Perhaps this was what the NCHE should have learnt from the East European case study!

<sup>3</sup> In November 2008 Martin Hall produced a report for the National Research Foundation and the Council on Higher Education about Community Engagement in which he asks what is meant by 'community', forms of knowledge transfer, service learning and community engagement in the context of the developmental state. Hall is clearly blinded by looking 'from the inside out' in a rather one dimensional, blinkered academic manner. It is rather surprising that at this stage academics still have such a naïve view of how universities and 'communities' interpenetrate each other.

<sup>4</sup> It is not surprising that there is a strong rumor that the downfall of the Principal was brought about by Council members who had, through Council documents, access to privileged information that they leaked when they were not successful in securing outsource contracts.

The bigger task is the restructuring of the administration which will require new staff and new procedures with better capabilities and resources. The most seriously affected areas seem to be finance and human resources. It is a moot question as to whether the heads of these units can continue, considering the flagrant violations of even basic procedures like who signs for what, and unsigned employment and performance contracts. This deinstitutionalisation happened in what could be called an already weak institutional environment, and it is doubtful as to whether it can be re-proceduralised and capacitated without some considerable outside intervention – which could mean recruiting experienced retired administration staff from other institutions.

A key step, that the current Administrator has started, is the suspension of all bonuses and leave payouts until these are regularized with proper procedures and assessments. In addition to outsourcing, the other import from 'good business practices' is performance and retention bonuses, which seems to have simply corrupted higher education without adding demonstrable improvements.

As for the academic programme – it hardly features in the administrative collapse. The question is: if an independent forensic audit had been undertaken on the academic programme, would it have revealed de-institutionalisation? Or, put differently, can a university de-institutionalise administratively while maintaining a solid academic programme?

The institutional profile of MUT (Appendix 1 in a separate file) shows a very interesting picture. With a staff :student ratio far above the national average, the institution managed a fairly dramatic increase in pass rate over exactly the period of administrative deinstitutionalisation – implying that the academic programme is not only immune to administrative mismanagement, but apparently flourishes.

However, without an external quality audit, it is difficult to demonstrate that this rather dramatic increase is not part of the shenanigans. But there is an encouraging, albeit very small, increase in the number of staff with doctorates and an upward trend in research output, although it is still well below the already shockingly low average research output of universities of technology.

### **Implications for the National Department and the Council on Higher Education**

The above described deinstitutionalisation and corrupt interpenetration with the local community raises very serious questions for the Ministry, the Council on Higher Education and Higher Education South Africa.

First though, the global context. There seems to be some agreement emerging that the current global woes are not as accidental or inevitable as they appear to be. The intersection of the Clinton 'neo-liberal' and Bush 'neo-conservative'

agendas consisted, amongst others, of weakening state capacity, promoting privatisation, with outsourcing a major component, and deregulation.

During the Iraq war the cutbacks on the US Army led, amongst others, to outsourcing interrogation, security<sup>5</sup> and logistics<sup>6</sup>, all three which have led to scandals and investigations, and enormous enrichment of people like ex-Vice President Cheney's companies which had direct contacts in government. The deregulation of the financial sector and the failure of self regulation had catastrophic effects for the world financial markets. The aftermath of all of this is a major rethink of outsourcing and regulation.

MUT raises the following very interesting questions for the Department of Education, and the higher education sector:

1. Within the current framework of reviewing financial and audit statements, did the DOE adequately monitor MUT – and does the DoE have the capacity to do this for all 23 universities?
2. Does the current accountability framework enable the DoE to pick up irregularities that have now happened at a number of institutions?
3. Should there not be a serious rethink of administrative/financial accountability? Considering that the government provides a substantial proportion of the institutional funding, should the government not put in place a kind of 'administrative audit', say, similar to an academic audit, to ensure that proper financial and human resources policies and practices are in place?<sup>7</sup> Surely such an audit cannot be seen as a violation of academic freedom or autonomy since it is an accountability to good financial and human resources management.
4. Government should consider appointing auditors. The forensic auditors are sharply critical of the malfunctioning of the 'independent' auditors, and this is not the first institution where this has happened. Perhaps some of the auditors have become 'interpenetrated' with these institutions.
5. Government should launch an investigation into 'performance bonuses' and 'cashing in' of leave. The excessive leave of administrative staff (45 days annually, apart from normal holidays) should be looked into. In addition, academics who have 'study' leave on top of the 45 days should

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<sup>5</sup> The infamous Blackwell security company went from a \$1million upstart at the beginning of the war to a billion dollar company, but some of their members are now being charged by the Iraq government and they have lost their contract.

<sup>6</sup> The decimation of the army corps of engineers resulted in the need for Haliburton (Cheny's company) to provide logistical support. Haliburton is now being investigated for overcharging billions, not millions, of dollars and have deregistered in the US and registered in the Emirates to avoid prosecution. The weakness of the army engineering core also hampered the rescue in New Orleans, and resulted in huge private scams which are still being investigated.

<sup>7</sup> The Obama administration is imposing all kinds of restrictions on institutions which received state funding, based on arguments of sound financial management and the fact that the government (taxpayer) is now a direct stakeholder.

not be able to claim leave compensation when their publication rate is 0.05 per staff member.

6. A study on the efficiency and effectiveness of outsourcing is seriously overdue. Such a study should also look into how many Council and staff members are involved in outsourcing arrangements.
7. Legal action should be considered against the Council for not only abdicating their fiduciary responsibility, but for also violating conflict of interest regulations. Even a 'symbolic' investigation will put pressure on other Councils.
8. Just as was the case with the financial institutions in the US, the MUT case, and the associated unresolved Vice-Chancellor compensation debacle, raises serious doubts about self regulation by Higher Education South Africa. A debate has to be started about what would be appropriate government guidelines, and how would these be monitored.
9. After the new governing structure is in place and the administration has been stabilized, the question about the future of MUT will have to be addressed, again. Should it be merged with Durban University of Technology as is gazetted? Or, should MUT remain at the lower end of the university hierarchy in South Africa, or could it become a flagship in the proposed new post secondary college sector?
10. Moving from the US to the broader South African context, MUT should not be seen as an individual aberration, but as part of a post Mandela zeitgeist in which there is a fairly concerted effort towards weakening institutions.<sup>8</sup> The challenge for the DoE, and the sector, is to ensure that higher education does not only provide teaching and research, but are also strong institutions in terms of governance and administration that can help strengthen democracy.

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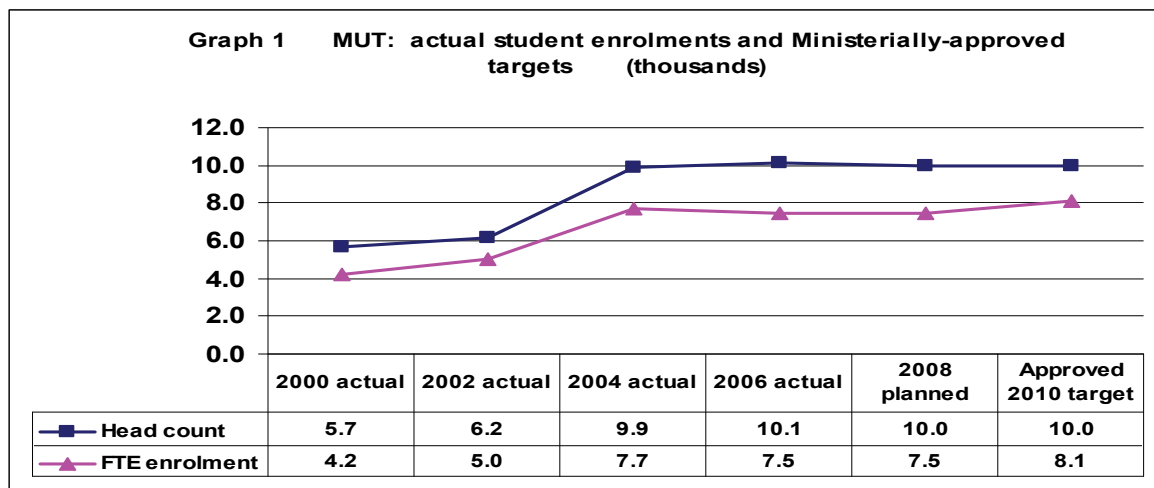
<sup>8</sup> In the Cape Times (Wednesday, April 5, 2009, p9) Arthur Chaskalson, the immediate past president of the Constitutional Court of South Africa, published a plea about the various attacks on judges and warns "that the harm it does to one of the most important institutions of our constitution is great".

## Appendix 1

### MANGOSUTHU UNIVERSITY OF TECHNOLOGY PROFILE

#### STUDENT ENROLMENTS

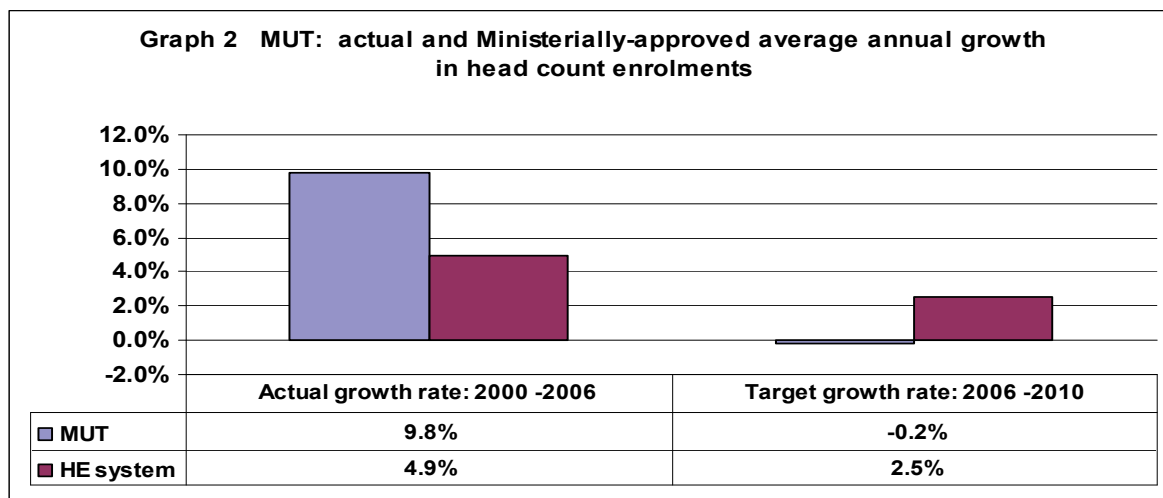
Graph 1 below shows how the Mangosuthu University of Technology's student enrolments changed over the 7-year period 2000-2006. It also sets out the 2010 enrolment targets which the Minister of Education of Education published in the **Ministerial Statement on Student Enrolment Planning (October 2007)**. These targets are in effect a "contract" between the Mangosuthu University of Technology (MUT) and the Ministry of Education.



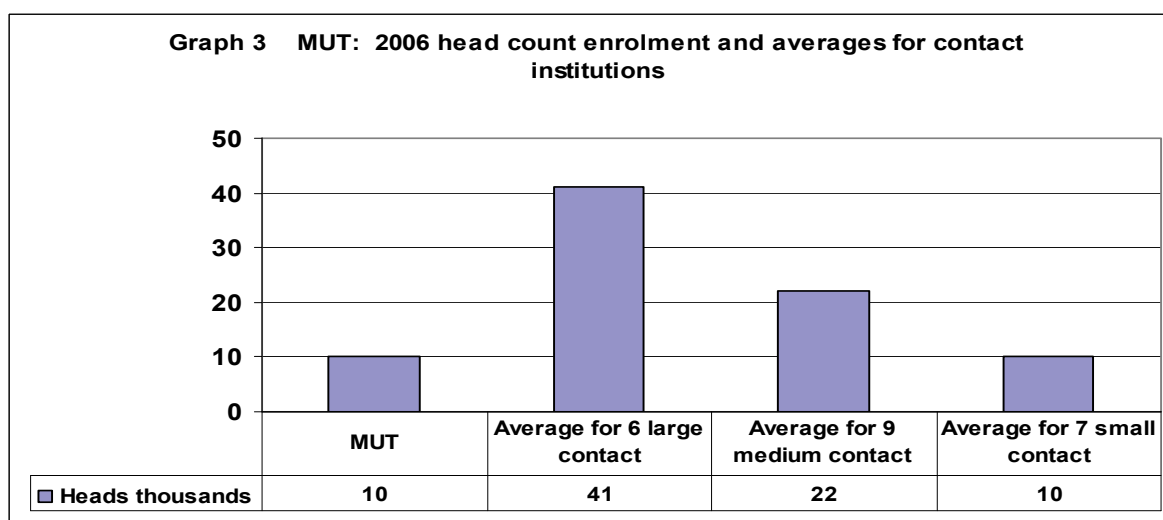
**Notes:**

- (1) In a head count enrolment total, students are counted as units, regardless of the course load they are carrying.
- (2) A full-time equivalent (FTE) total takes account of a student's course load. So a student carrying a standard full-time curriculum would = 1 FTE student, and a student carrying a half-load would = 0.5 FTE students.

The historical data show that the head count student enrolment of MUT increased by 4 400 in 2006 compared to 2000, and the FTE enrolment by 3 300. MUT's head count growth rates, as can be seen in Graph 2, were above those for the national public higher education system. MUT's new commitment requires it to keep its head count enrolments constant in the period up to 2010. The historical and the targeted growth rates can be seen in Graph 2 below.

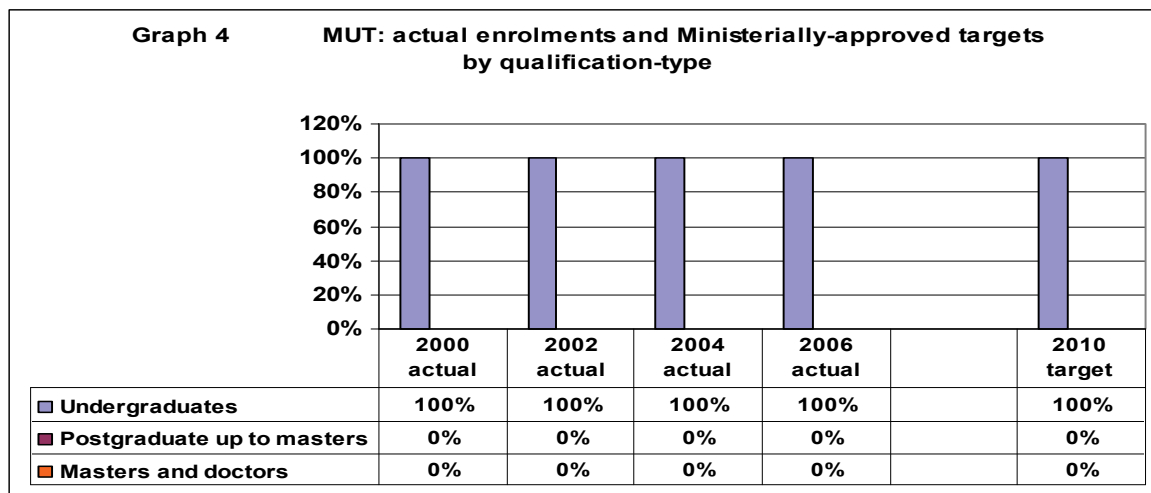


MUT was, by the size of its head count enrolment in 2006, one of South Africa's seven small-sized contact institutions (ie institutions in which the majority of students are taught in face-to-face mode). This can be seen in Graph 3 which follows.

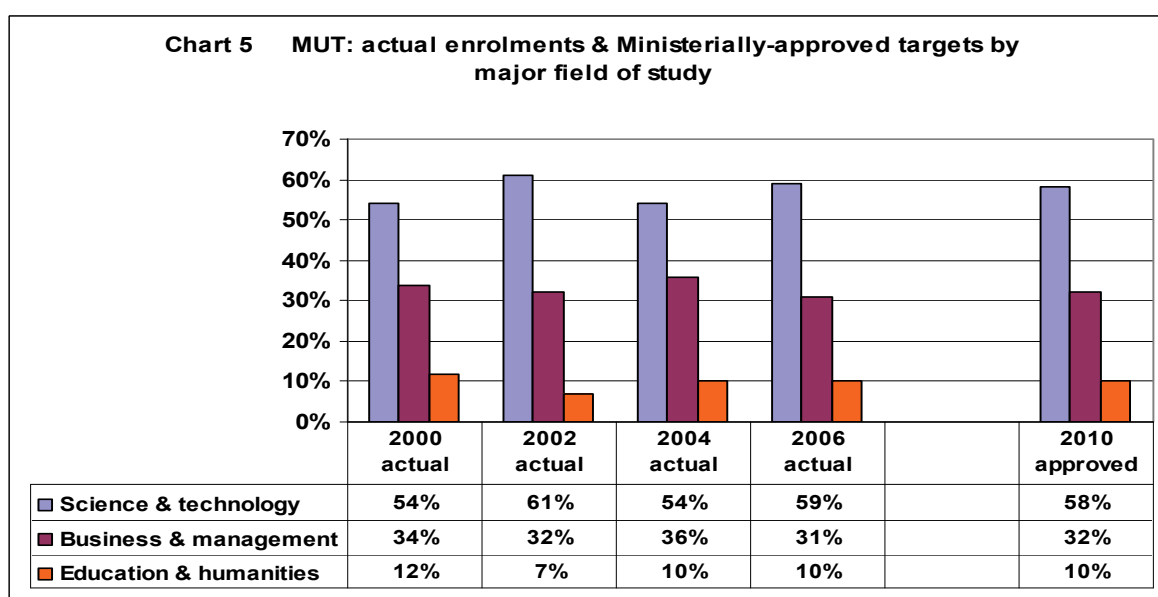


The largest university in South Africa is its dedicated distance education institution, This is the University of South Africa which had, in 2006, a head count enrolment of 227 000 students.

Graph 4 shows that MUT's enrolment profile by qualification type remained 100% undergraduate throughout the 7-year period 2000-2006. No change in this is predicted for 2010.



Graph 5 offers a broad summary of the major fields of study for which MUT's students were enrolled between 2000 and 2006. This shape did not change significantly between 2000 and 2006, with the greater proportion of students following majors in science, engineering and technology, with smaller numbers of students registering for majors in either business or humanities-oriented programmes. The approved targets for 2010 are designed to keep MUT's shape by field of study to approximately the same proportions as they were in 2006.

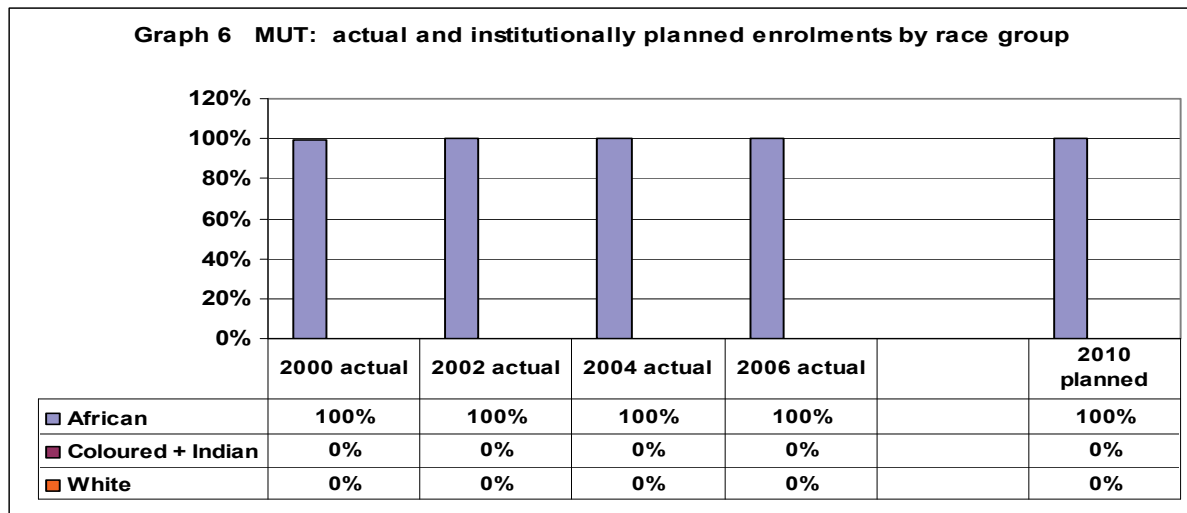


**Notes:**

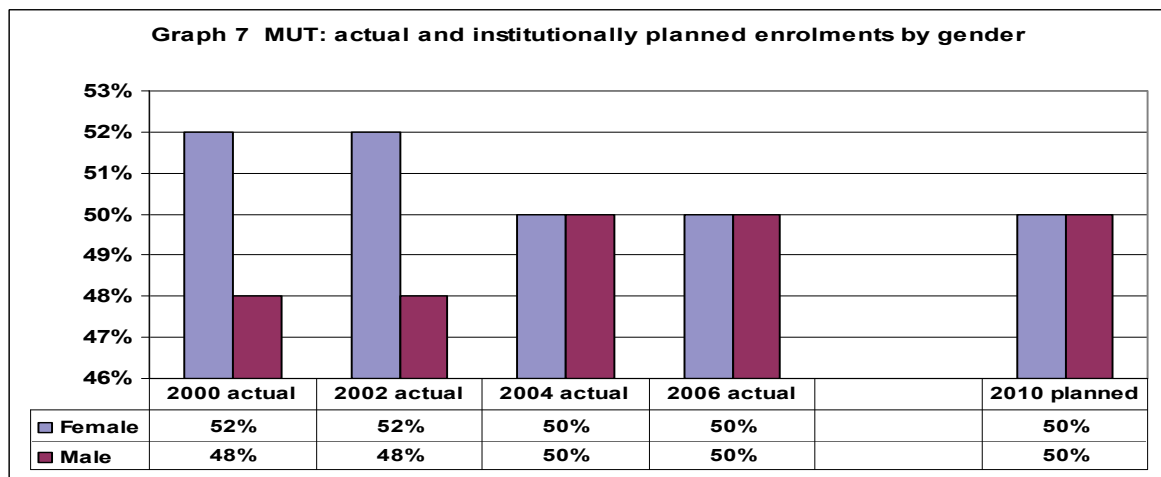
- (1) The "field of study" is the major or principal subject the student is following in his/her qualification.
- (2) "SET" = all majors in science, engineering and technology, including the health sciences
- (3) "Business" = all majors in business, commerce, management, accounting, finance
- (4) "Humanities" = all majors in education, languages, fine and applied arts, social sciences

The Minister of Education did not set institutional targets for race group or gender. Institutions were nevertheless asked to pay due regard to racial and gender equity imperatives in the implementing of their student enrolment targets. The race and gender targets which follow are those which institutions set for themselves in their 2006 student enrolment plans.

Graph 6 demonstrates that head count enrolments at the MUT have remained 100% African over the 7-year period. No change in this profile has been predicted for 2010.



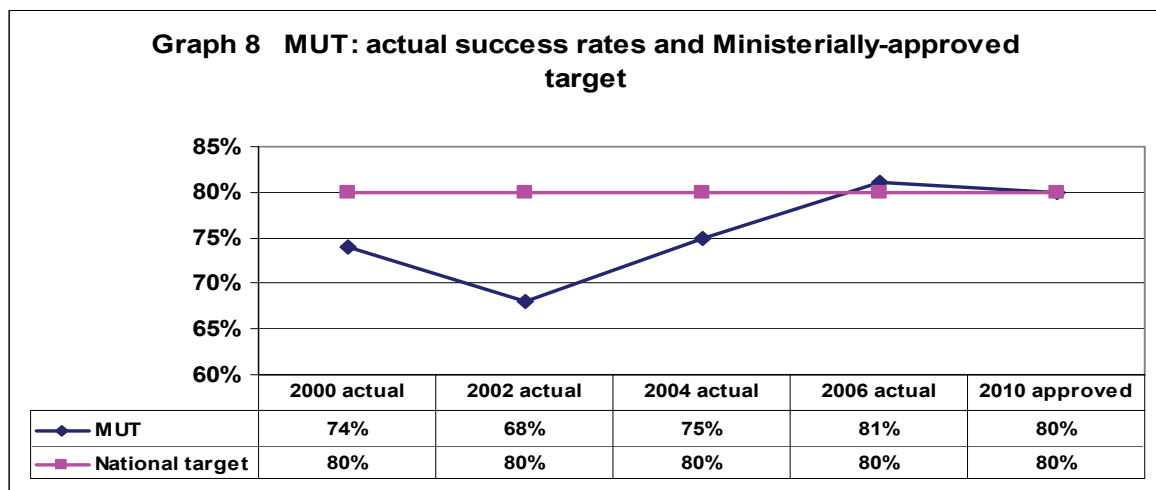
Graph 7 overleaf summarises MUT's head count enrolments by gender. Its proportion of female students increased from 48% in 2000 to 50% in 2006. This is, however, below the national average for female students, which was 55% in 2006. MUT aims to maintain the 50/50 split between male and female students during the period up to 2010.



## STUDENT OUTPUTS

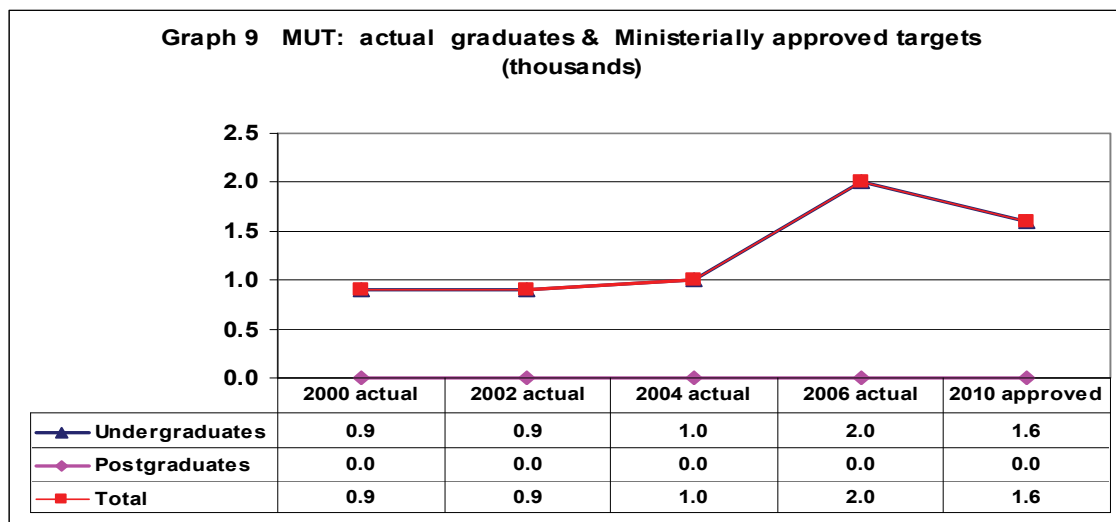
The student output graphs which follow use the 2010 output targets which the Minister of Education published in the *Ministerial Statement on Student Enrolment Planning* (October 2007). These targets constitute, like the enrolment planning targets in Graphs 1, 2, 4 and 5, a “contract” between the MUT and the Ministry of Education, with the agreement being that MUT will improve its student outputs over the period up to 2010.

Graph 8 presents MUT’s student output data in the form of average success rates by course. The graph shows that, after a dip in 2002, MUT’s success rates had improved by 2006 to just above the Department of Education’s target of 80%. This target is regarded as the minimum which an institution should achieve if it is to ensure that it has an efficient output flow of graduates. The approved target for MUT is 80% by 2010, which implies that it is expected to continue to meet the national target.



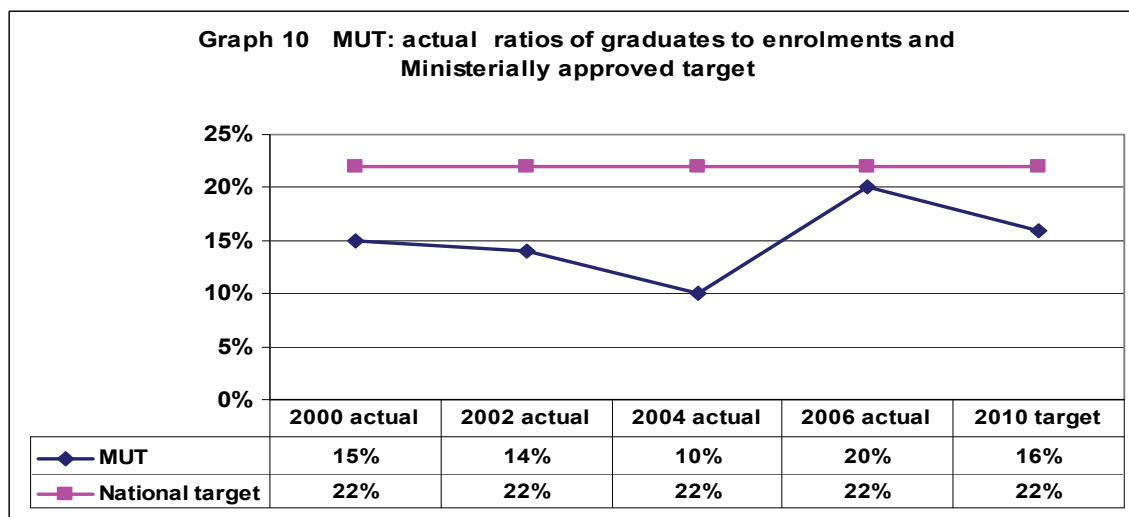
**Note:** These success rates are calculated by dividing the university’s FTE enrolled student total by its FTE degree credit total. An FTE degree credit total is calculated in the same way as an FTE enrolled student total, but taking account only of the courses actually passed by students.

Graph 9 summarises MUT’s graduate totals. As mentioned at the start of this profile, the institution offers only undergraduate diplomas and degrees. The total of students completing a formal qualification increased from 900 in 2000 to 1 200 in 2005, and then jumped to 1 900 in 2006. MUT’s approved target for 2010 as based on the 2005 total of 1 200, and requires that at least 1 600 students complete qualifications at the institution.



**Note:** A graduate is defined as a student who has satisfied all the requirements of a degree or diploma or certificate

Graph 10 uses, as a proxy for a graduate throughput, a calculation which divides the total head count enrolment in a given year by the number of students graduating in that year. The target set by the Department of Education is 22%, which it takes to be equivalent to a cohort throughput rate of 65%. This target implies that 65 out of every 100 students entering the higher education institution should eventually graduate. The data in the graph show that MUT's rate was below the target until 2006. If the 2006 graduate data are correct, MUT would have experienced substantial increase from 12% in 2005 to 20% in 2006. MUT's approved target for 2010 of 16% was set on the basis of its enrolment and graduate totals for 2005.



## TOTAL STAFF

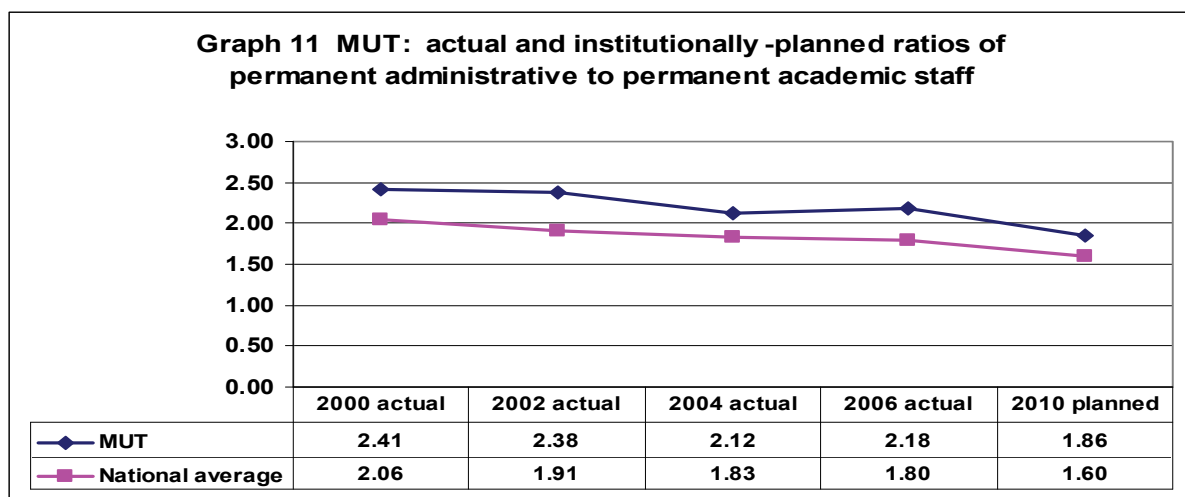
The Minister of Education did not set institutional targets relating to staff or to student to staff ratios. Institutions were nevertheless asked to include various staff projections in their enrolment plans. The targets which follow are those which institutions set for themselves in their 2006 student enrolment plans.

In 2006 MUT employed a total of 456 permanent staff members. These fell into two broad categories: 192 (or 42%) were instruction/research staff members, and the balance of 264 (58%) were administrative staff members. The 2006 total for permanent staff was lower than that for 2000: -35 (or 8%).

The following definitions were used in these calculations:

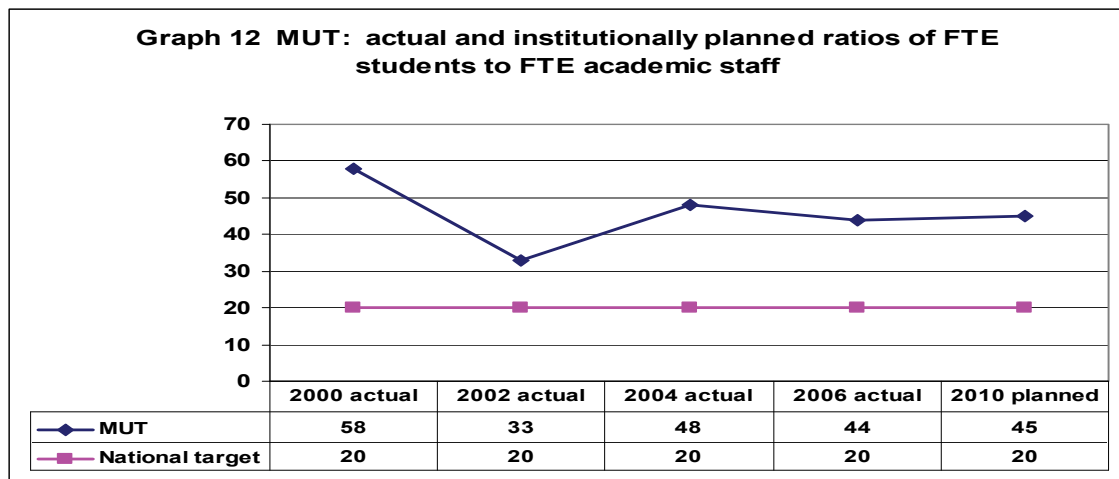
- A permanent staff member is as an employee who contributes to a retirement fund.
- Instruction/research staff are employees who spend at least 50% of their time on duty on instruction and/or research activities.
- Administrative staff are all other employees, and include the executive/management.

An important measure of efficiency for a higher education institution is the ratio between instruction/research staff and administrative staff. Ideally, the institution's commitment to instruction/research staff should be as high as possible without putting its operations at risk. Graph 11 shows MUT's ratio of administrative to instruction/research staff was well above the national average between 2000 throughout the period 2000-2006. It employed more than two administrative staff members per permanent academic staff member. The institution's plan for 2010 is to decrease this ratio to a level which is close to the national average of 1.60.



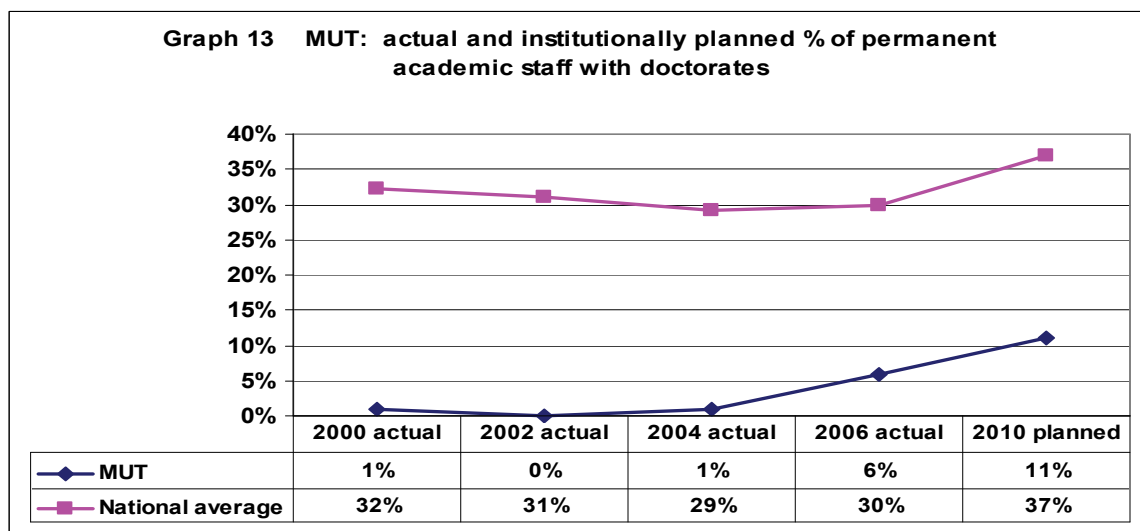
## INSTRUCTION/RESEARCH STAFF

Graph 12 reflects the availability of instruction/research staff to meet the needs of students. The Department of Education has set, as a national target, a maximum ratio of 20 FTE enrolled students per FTE instruction/research staff member. The graph shows that, despite a dip in 2002, MUT's ratio remained well above the national target. This implies that the institution may not be meeting adequately the instruction needs of its students. Its plan for 2010 does not reflect any change to this student to staff ratio.

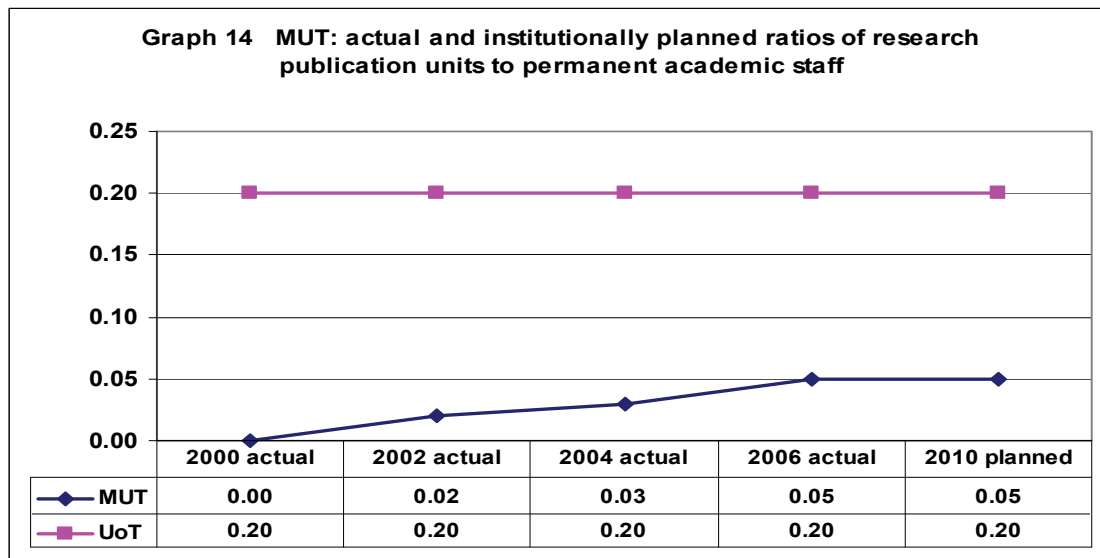


*Note: A full-time equivalent (FTE) staff is an employee who is employed full-time for 12 months.*

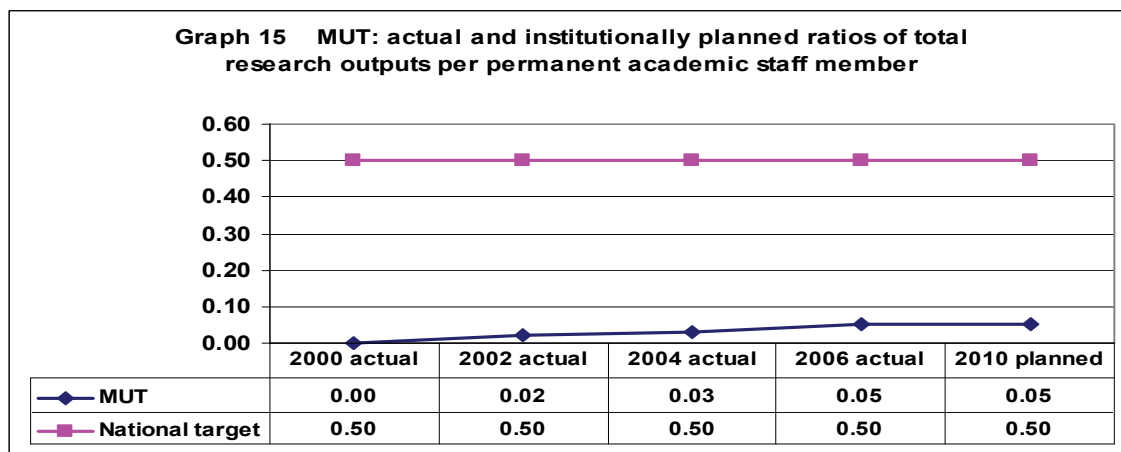
Graph 13 summarises the qualifications of MUT's permanent academic staff, in terms of the proportion with doctoral degrees. The institution's proportion has been well below the national average throughout the 7-year period. Its enrolment plan for 2010 sets a target of 11% of instruction/research staff with doctorates.



Graph 14 compares MUT's ratio of research publication outputs per permanent academic staff member to the target which has been suggested for universities of technology. This suggested target is 0.20. The graph shows that MUT remained well below the 0.20 ratio throughout period up to 2006..



Graph 15 compares MUT's weighted research output per permanent academic staff member with the target set for universities of technology in the national funding framework. The graph shows that this average was also well below the target for all years in the period 2000-2006.

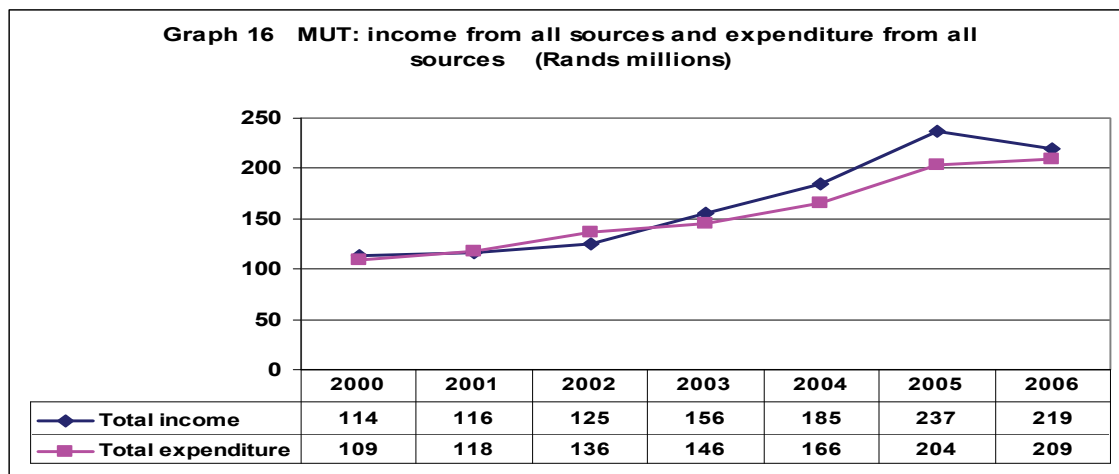


**Note:** Research outputs, in the government funding framework, are research publication units (weighting = 1), research masters graduates (weighting = 1), and doctoral graduates (weighting = 3). The target ratio is that set for universities.

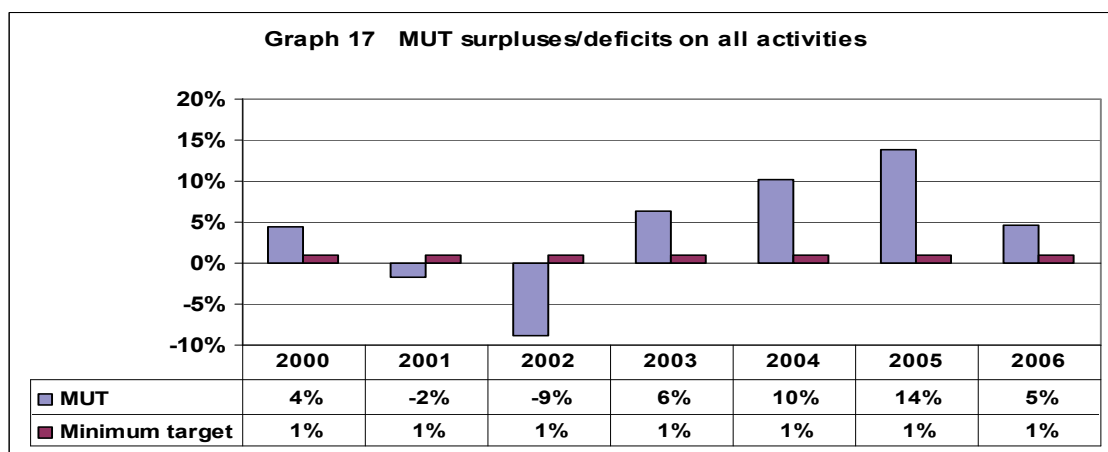
## INCOME AND EXPENDITURE

Graph 16 compares MUT's total income from all sources to its total expenditure on all activities. The two totals include all categories recorded in the institution's income statement, and in particular council-controlled, designated or special purposes, student and staff accommodation.

The graph shows that in 5 of the 7 years, MUT's income exceeded its expenditure. By 2003, MUT was generating substantial surpluses. The extent of MUT's surpluses and deficits can be seen in Graph 18 below. The Department of Education's "good practice guidelines" suggest that a public higher education institution should aim at an annual surplus of at least 1%.

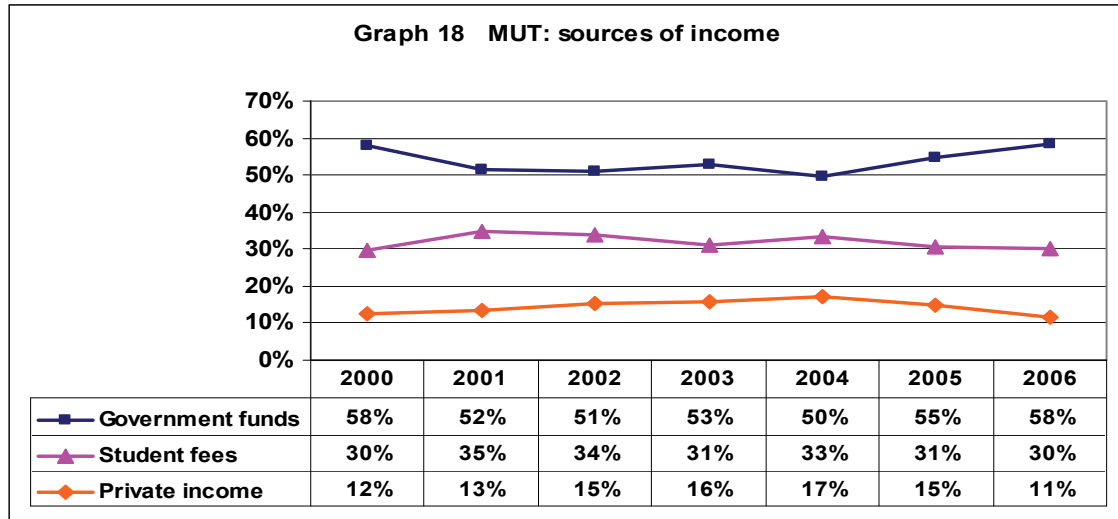


The extent of MUT's surpluses on its income statement can be seen in Graph 17 which follows. The Department of Education's "good practice guidelines" suggest that a public higher education institution should aim at an annual surplus of at least 1%.

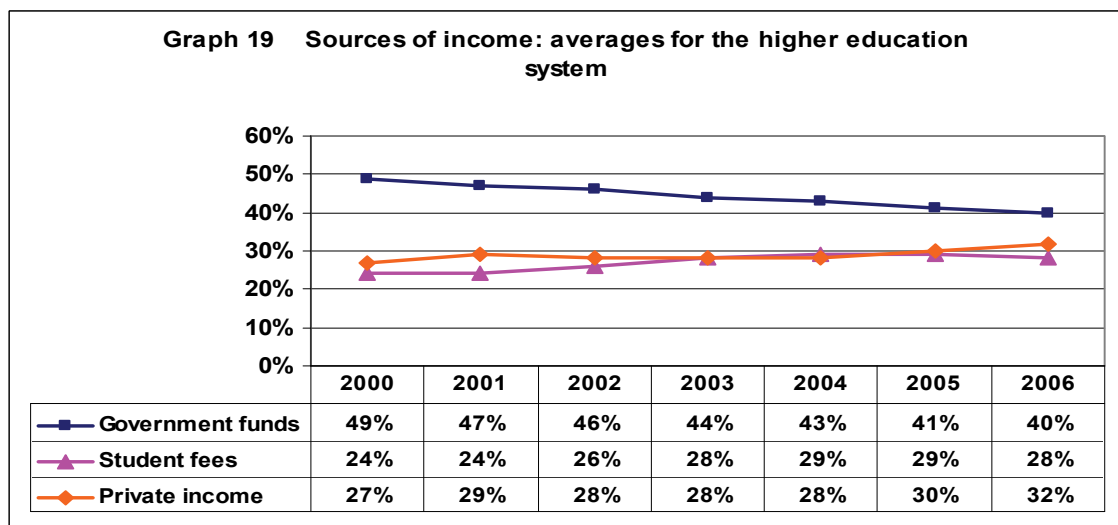


Graph 18 shows that MUT's main income sources have been government income and student fees. Over this 5-year period, government funding plus student fees have

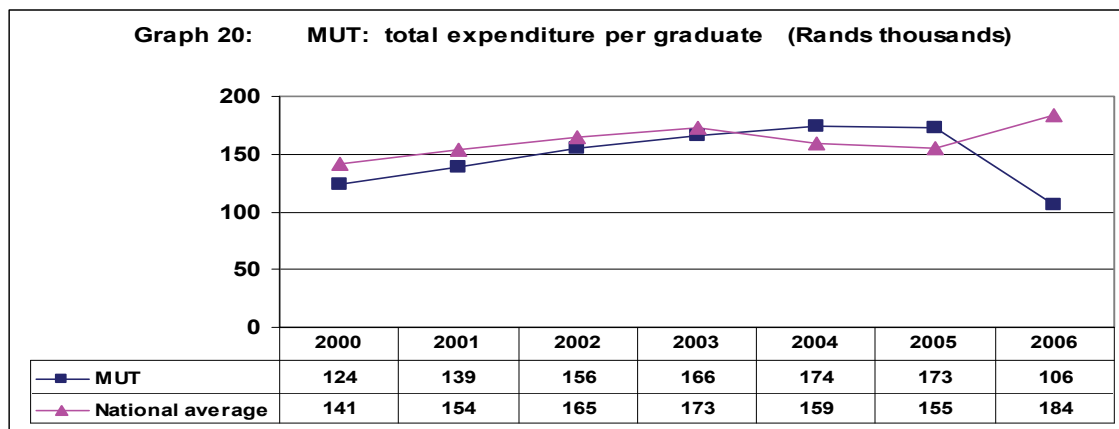
amounted to well over 80% of MUT's total income. Table 19 shows what the average sources of income were in the higher education system between 2000 and 2006.



Graph 19 shows that MUT's total income had a far higher proportion of private income than the averages for the sector as a whole; 38% compared to the sector's average of 32%.



The final graph was calculated by dividing total expenditure from all sources (Graph 16) by the total of graduates produced (Graph 9).



## SUMMING UP

The main points made in this profile of MUT Institution may be summed up in this way:

### 1 Student inputs

- 1.1 MUT's head count student enrolment grew from 5 700 in 2000 to 10 100 in 2006, an average annual growth rate of 9.8% compared to 4.9% for the public higher education system. The Minister of Education's enrolment targets for 2010 require that MUT to keep its head count enrolment to the 2006 total of 10 000.
- 1.2 MUT's teaching activities are entirely focused on undergraduate qualifications. The shape of the institution's enrolment by major field of study did not change significantly between 2000 and 2006, with the majority of students following majors in science, engineering and technology. The approved targets for 2010 indicate that MUT will maintain its shape by field of study to approximately the same proportions as they were in 2006.
- 1.3 MUT's profile by race remained 100% African over the period 2000-2006, and no change is forecast in this area. Female students comprised 50% of the student body, and the institution indicates that it does not intend to change this ratio by 2010.

### 2 Student outputs

- 2.1 MUT's success rate met Department of Education's target of 80% in 2006. The approved target for the institution is to keep this success rate at 80% during the period up to 2010.
- 2.2 MUT's approved target requires at least 1 600 students to complete qualifications at the institution in 2010.

### 3 Staff

- 3.1 MUT's totals of permanent staff decreased slowly over the period 2000-2006, despite the increases in its student enrolments. The graph shows that, despite a dip in 2002, MUT's student to staff ratio remained well above the national target, with a 2006 ratio of 44:1
- 3.3 The research output performance of MUT's instruction/research staff was significantly below the targets set by the Department of Education.

#### **4 Income and expenditure**

- 4.1 MUT's total income from all sources exceeded its total expenditure on all activities in 5 of the 7 years between 2000 and 2006
- 4.2 MUT's main income sources have been government grants and student fees. The combined proportion from these two sources was 88% in both 2000 and 2006.
- 4.3 MUT's average expenditure per graduate remained close to the national averages during the period 2000 to 2005, and dropped sharply in 2006.