# Profits and Pragmatism: The Commercial Lives of Market Universities in Kenya and Uganda

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#### **Abstract**

The increased commercialization of higher education is a theme that has attracted considerable global attention. In response to changes in traditional sources of funding, many universities, public and private, have opted to source revenue from the marketplace. This article delves into the complexities of the entry into the marketplace by Kenyan and Ugandan universities. The local and international impetus for this movement in both countries and not in Tanzania are discussed, the perverseness and limits of commercialization delineated, and the positive and negative consequences of commercialization chronicled, all within the shifting global paradigm of higher education development. The Kenyan and Ugandan context cautions that ensuring a healthy mix between entry into the marketplace and the retention of the core mission of universities remains a critical challenge for governments and university administrators.

#### **Keywords**

bad market, good market, Kenya, Uganda, university marketization, university privatization

#### Introduction

Of the many reconfigurations that have come to characterize the university in the 21st century, none is, perhaps, more transformative than the marketization of the university. The gargantuan paradigm shift in university interaction with the market has generated a ripple effect that has resulted in the redefinition of role and mission of the institutions. When it comes to university-market interaction, a clear dichotomy exists in the three east African countries of Kenya, Tanzania, and Uganda. It places Kenya and Uganda on one side and Tanzania on the other. Both Kenya and Uganda appear to have embraced more radically the market model of university development in contrast to their Tanzanian counterpart. Marketization of universities is more dominant in Kenya and Uganda, and less pronounced in Tanzania. These distinctions in regional contours do not belie the fact that marketization of universities is a global phenomenon with echoes reverberating in Africa, Asia, Australia, Europe, and the United States where the movement has its roots and is most advanced in intensity.

The entry of universities into the marketplace in Kenya and Uganda demonstrates both the pervasiveness and limits of marketization even as the positive and negative consequences of the new financing arrangements are apparent. This work explores the entry of universities into the marketplace in both countries. It identifies the impetus for the

marketization tendencies, delineates the magnitude and scope of university marketization, and chronicles the positive and negative consequences of the new approach to university financing. This is done to illuminate how trends in east Africa mimic global tendencies. In undertaking the analysis, this article employs the framework advanced by Levy (2003).

Although the current developments may give the impression that the market was always foreign to the university, it is imperative that we undertake a historical retrospection of the university origin to disabuse the myth and to contextualize the market–university dynamic. The modern university is a creation of the market; demand for knowledge by potential students and availability of suppliers, the potential teachers, set in motion the demand–supply chain that saw the beginning of the university. The original universities in the medieval times were founded by either organizing the students who would then look for teachers (Bologna University) or by organizing teachers in the form of a guild who then looked for students (Paris University). In both models, there was a

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market transaction involving demand and supply of knowledge. The Paris guild model provided the best approach to the growth of the modern university as it ensured the principles of economy of scale and economy of scope were possible. Many students could share one teacher and the students could benefit from different teachers who offered different sets of knowledge. It is on this rudimentary market basis that the contemporary university is founded.

The current process of university marketization is marked by intensification of the scope and extent of the university interaction with the market. It is an intensification that is characterized by two activities, each underlying the different understanding of the market: (a) narrowing the gap and escalating the link between the university and the market as a distinct entity and counterpart in the wider social framework of the university, and (b) the evolution of the university as a strategic actor and entity, functioning on and constituting a unique form of university market (Wedlin, 2008). In the former, universities are changing to be more closely engaged with the business and industrial sectors of society, whereas in the latter universities are changing their character and form, becoming a market entity on their own.

As universities inch closer to the marketplace, they experience three fundamental reshaping of their character and life. The first is the demand by society to offer academic programs that have immediate utility and are instrumental in nature. Second, governance shifts from the age-old notions of university autonomy and faculty academic freedom to market-based system coordination including revenue generation through sale of teaching, research, and services along with a plethora of incentives ranging from privileges to sanctions to manage behavior. Third, "competition" is the new dictum that defines relationship between academics and institutions. Higher education is a market where differences, big or small, are accentuated through mechanisms of advertisements (Teichler, 2008, p. 39).

In as much as the process of marketization can take a variety of forms, there is a broad consensus that it refers to strategies and process employed by higher education institutions to generate revenues from private sources (Marginson & Considine, 2000; Slaughter & Rhoades, 2004). It is an adaptive survival response to decline in traditional revenue sources such as state subventions, shift in public policy in fiscal matters, or even global tendencies in university financing.

# Differential Approach to the Market in East Africa: The Political Factor

Earlier we noted that of the three neighboring countries that constitute east Africa, university marketization has been more intensive and extensive in Kenya and Uganda in contrast to the case in Tanzania. The three countries have a common historical, cultural, and geographical experience. All

were colonized by Britain and attained independence in the same period, Tanzania in 1961, Uganda in 1962, and Kenya in 1963. In 1967, the countries formed the East Africa Community, an economic zone which included a unified customs policy, a maritime organization, a railway and airline, a single travel visa as well as an examinations council, which collapsed in 1977 but revived in 1999 with French-speaking Burundi and Rwanda as associate members. It is anticipated that the three east African countries will eventually form a political federation. The three east African countries also enjoy a common linguistic heritage with Kiswahili language as the dominant local lingua franca and large swaths of Bantu and Nilotic linguistic groups. Geographically, they also share Lake Victoria, the largest water mass in the continent. In view of this common bond between the three countries, analysts have noted the differences in universities' response to the marketplace between Kenya and Uganda on the one hand and Tanzania on the other.

What accounts for these differences in the same region that has similar historical experiences? The different paths toward national development pursued after independence between Kenya and Uganda on the one hand and Tanzania on the other accounts for these differences. Tanzania obtained independence from Britain in 1961, and under President Julius Nyerere, it embarked on a socialist development path with the declaration, in 1967, of *Ujamaa*, African Socialism, as the ideological pillar of social and economic development (Nyerere, 1967a). Using *Ujamaa* as the political-economic model of state organization, Nyerere created a strong oneparty political system, nationalized key sectors of the economy, collectivized all means of production at the village level, abolished discrimination based on ascribed status, and created a Tanzanian rather than tribal identity through the adoption of Kiswahili as a national language. Nyerere eschewed Marxism-Marxism ideology and instead advocated for socialism grounded in the traditional African village life where most Tanzanians dwelt.

In his *Education for Self-Reliance* manifesto, Nyerere decried the elitist nature of the education inherited from Britain. He advocated for an education that is egalitarian in approach, utilitarian in content, and geared toward rural life (Nyerere, 1967b). As for university education, Nyerere was critical of the contemporary privileged status of university students and the white-collar career orientation of the education. He espoused an educational philosophy that promoted cultivated critical reflection and solution to prevailing challenges in society:

There is in fact, only one reason why underdeveloped societies like ours establish and maintain universities. We do so as an investment in our future. We are spending large and disproportionate amounts of money on few individuals so that they should, in the future, make a disproportionate return to the society. We are investing in a man's brain in just the same way as we invest in tractor; and just as we expect tractor to do many

times as much work for us as a hand hoe... We are giving to the student while he is at the university, so that we may receive more from him afterwards. (Nyerere, 1974, p. 5)

... University is an institution of higher learning; a place where people's minds are trained for clear thinking, for independent thinking, for analysis and for problem solving at the highest level. This is the meaning of the "University" anywhere in the world. (Nyerere, 1973, p. 113)

With an egalitarian-based, rural-focused educational ideology in the context of a socialist political and economic mode of state organization, massive university expansion was of low priority in Tanzania. Though Nyerere left the presidency disappointed with the failure of his socialist experiment in 1985, and *Ujamaa* as the state development ideology was abandoned soon after, the legacy of the ideology persists even today. It is manifest in the preponderance of state influence in many aspects of the country's life and in the values and attitudes of the citizens. Among the three east African countries, Tanzania was the last to allow the establishment of private universities in 1997.

Kenya, in contrast, pursued a capitalist path to development after independence in 1963. The development ideology was encapsulated in the ruling party KANU's manifesto titled African Socialism and Its Application to Planning in Kenya, which, among others, prioritized the private sector role in economic development, the Africanization of the existing economy and public service while discouraging theoretical debates on the goals of society (Republic of Kenya, 1965). Though "socialism" was used to frame the manifesto, it was anything but socialist. Unlike Tanzania, a radical transformation of the society through a paradigm shift in the political and economic organization of society was not envisaged as "our entire approach has been dominated by a desire to ensure Africanization of the economy and the public service . . . without doing harm to the economy and itself and within the declared aims of our society" (Republic of Kenya, 1965, p. ii). In terms of education, the university was seen as the training ground for high-level manpower to facilitate the Africanization of the economy and the civil service. In the 2012 Universities Act, the government envisions the role of universities in similar terms and endeavors to "promote public-private partnership in university education and development" (Republic of Kenya, 2012, p. 1). This capitalist ideology and a strong private sector role in the economy still defines the country today, and it has provided the strong impetus for the development of a vibrant private university sector and the entrepreneurial character in public ones. Not surprising, with the founding of the first private university in 1970, the United States International University (USIU), Kenya, led the way in private higher education development in east Africa.

Uganda took a similar approach to Kenya but for different historical reasons. The country suffered political disruption

at infancy in 1971 when the military seized power from the democratically elected government of President Milton Obote who had started as market-oriented and pluralistic ideologue (Mazrui, 2008). This military coup set in motion nearly two decades of internal civil war that culminated in the ascendancy to power in 1986 by the current President Yoweri Museveni, and the road to political, social, and economic reconstruction of the country. This ascendancy to power also marked Museveni's embrace of capitalism as the ideal development model following his earlier dalliance with Nyerere's socialism while a political science student at the University of Dar-es-Salaam in the 1960s. In the reconstruction of Uganda, Museveni employed a pragmatic mix of state-run economies and free-market capitalism to rebuild the country (Kerby, 2005) and "became a pro-marketer par excellence. Underlying all those years was a more enduring ideological reality in Uganda—a profound distrust of socialism as an answer to Uganda's problems" (Mazrui, 2008, p. 7). Not surprising, Museveni has promoted the vibrant development of private universities along with a focus on science and technology disciplines to enhance graduate employability and meet the country's work force needs for national development (Nakkazi, 2014). Indeed soon after Museveni's accession to power, Uganda became the first country in the region to privatize and commercialize the public Makerere University when in the late 1980s and early 1990s through the privately sponsored students program and commercialized many aspects of the institutions activities. Uganda was also the first country in the region to allow the establishment of an Islamic university, the Islamic University in Uganda, founded in 1988.

This analysis shows the intense political nature of higher education. Universities are inextricably interwoven with political authority and influence which, in turn, affects their internal decision-making structures, relationships, and, ultimately, interactions with society (Hines & Hartmark, 1980; Kogan, 1984). These interactions represent the evolving ideologies in society, a scenario amply demonstrated by the differing national ideologies that inform the role of higher education in east Africa. The differential response to university marketization which places Kenya and Uganda on one side of the pendulum and Tanzania on the other is indicative of the influence of state ideology in determining the missions, goals, and structures of higher education as they relate to societal aspirations.

# Policy Push: The State and Marketization Thrust

Left on their own, universities are the most conservative institutions with changes occurring slowly. It requires forces of unusual potency to affect radical shift in the character of the institutions. Recent global trends are unequivocal on the revolutionary changes that have reconfigured the way universities

are financed, and how they reorganize themselves internally to survive in the new environment (Cantwell, 2014). For Kenyan and Ugandan universities, three imperatives have been at the center in the shift toward radical marketization: internal economic decline, multilateral agencies pressures, and neo-liberal global tendencies.

Up until 1970, east African economies, like the rest of Africa, performed remarkably well. Thereafter, economic decline began in earnest occasioned by rapid rise in oil prices, "the oil shocks," leading to slowdown in production, capital flight, and general economic stagnation. The economic decline continued into the 1980s and 1990s such that Kenya, the regional economic powerhouse, registered a negative 0.3% GDP growth by 2000 (Republic of Kenya, 2001). Uganda, since the early 1970s when the military regime of Idi Amin took over the government, had been embroiled in economic destruction, internal strife, and external conflicts with neighbors which only ended in the late early 1990s. In both countries, the economic decline meant insufficient tax base to support social services like education.

Internal economic dislocation went hand in glove with rapid population growth. East Africa has had the highest crude birth rate in Africa and for decades after independence in the early 1960s, population growth rate averaged around 4% (Nyamwange, 1995). These demographic changes have translated into increased demand for higher education. Though the number of institutions and enrollments have registered tremendous growth in both countries, the reality is that these only constitute 4% of the eligible university population. So the demand for higher education coupled with economic stagnation provided powerful impetus for policy reform toward university marketization as a strategy for expanded growth in the system.

External solutions to the prolonged economic malaise in the continent and the attendant institutional decline were encapsulated in the World Bank–International Monetary Fund (IMF) policy proscription of Structural Adjustment Programs (SAPs) in the mid-1980s. Under SAPs, African governments would embrace neo-liberal policies that would see the state retreat from higher education and health financing and allow for market-based competition. Governments would focus more on basic education that was viewed as more socially beneficial (World Bank, 1997, 1994, 1988). The 1990 World Conference on Education for All (EFA), sponsored by the two multilateral lending agencies, the United Nations and Western industrialized nations, strengthened the pressure for financial reallocation from higher to basic education in developing countries.

These international pressures for policy shift occurred against a backdrop of the collapse of the Soviet Union in 1990 and with it the state model of economic management (Mabizela, 2007). The market model of state economic management had triumphed. For developing countries, it was reasoned, the market model would enhance revenues and usher in efficiency and quality in public universities besides

expanding educational opportunities. This market-based thinking of university development was also aided by the emerging forces of globalization in which governments enacted similar policies that steered universities into the marketplace. By the late 1980s, British and U.S. governments had enacted policies to steer public universities into the marketplace (Slaughter & Lesile, 1997). The policies included decreased funding leading to university partnerships with business and industry for innovative product development; marketing of education and business services; accumulation of power by state officials to shape university programs and curricula and to standardize and routinize faculty work while transferring costs to students; and official encouragement of contract research and increased managerialism to manage the system.

In addition to these local and international pressures for reform was also the perceived failure of existing state universities in terms of linkage to existing market segments (Banya & Elu, 2001; World Bank, 2000). In their current form and structure, African state universities were perceived as incapable of addressing critical market needs. They were bereft of differentiation that would address specific market segments such as those desired by religious groups or elite families. Furthermore, their academic programming had little in terms of market-driven courses.

From 1990s, the Kenyan and Ugandan government policies for the development of higher education focused on steering the universities toward the marketplace to mitigate their precarious financial positions, and in consonance with the global trends. Kenya's 1994-1998 development plan captures this neo-liberal thrust in the following terms:

... the central thrust of the new policies is to rely on market forces to mobilize resources for growth and development with the role of central government increasingly confined to providing an effective regulatory framework and essential public infrastructure and social services. The government will limit direct participation in many sectors and instead promote private sector activity. (cited in Kiamba, 2004, p. 55)

The expectation that Kenyan universities would be entrepreneurial institutions was enunciated by the education minister when he averred:

This is a turning point in the development of our public universities, where they are being called upon to adopt business-like financial management styles. It is also a point in time when universities have to plan well ahead about resources expected to be coming from sources other than the exchequer . . . Time has come to seriously take account of the universities potential to generate income internally . . . Income from such sources should be exploited and treated as definite sources of university revenue. (cited in Kiamba, 2004, p. 55)

Similarly in Uganda, President Yoweri Museveni in 1992 offered to step down as the honorary chancellor and promised

Table I.	Private and	Public !	Universities	in Kenya	and	Uganda, 2	2014.
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Country	Pub	Public universities		Private universities	
	n	% of total	n	% of total	Total
Kenya	22	56	17	44	39
Uganda	6	15	34	85	37

Source. Kenya Commission for University Education (http://www.cue.or.ke/services/accreditation/status-of-universities); Uganda-National Council for Higher Education (http://www.unche.or.ug/institutions/private-universities and http://www.unche.or.ug/institutions/public-universities).

Note. Only full-fledged accredited universities have been counted; affiliated university colleges are not included.

that the government was willing to grant public universities greater autonomy in exchange for greater responsibilities for raising funds to support academic programming and university operations (Court, 1999). Museveni's dalliance with the market ideology was encapsulated in the following terms:

At a general level, Makerere's case epitomizes the fate of public universities globally in a market-oriented and capital friendly era. When reforms unfolded in the early 1990s, they were guided by the World Bank's then held conviction that higher education is more of a private than a public good. Unfortunately for Makerere, the Museveni government in Uganda embraced the World Bank's perspective with uncritical enthusiasm of a convert, so much so that even the Bank began to re-think its romance with the market, Uganda's political leadership held on to the dogma with the tenacity of an ideologue. (Mamdani, 2007, p. i)

All said, internal economic realities and external global forces had converged in the 1990s to reshape the higher education landscape in Kenya and Uganda toward the market-place. The marketized university both as an entity interacting with the market and as a market in its own right was accepted by the national leaderships as the basis of the solution to the myriad problems afflicting the higher education sector. Two strategies adopted were as follows: structures and framework for development of private universities, and the privatization and marketization of state universities.

## The Scope of Marketization

Universities in general, and public universities in particular, have always been founded on the understanding that they are a public good, the key instruments for national development. But reform in the last few decades have challenged this notion with universities being recalibrated as agents of the market or markets themselves rather than instrumental agents of national development (Dill, 2003). The scope of such university marketization in Kenya and Uganda has two seemingly contradictory dimensions: extensive marketization and limited marketization. These contradictions arise from the very logic of universities—in as much as they veer into the marketplace, the nature of universities as academic institutions and not business enterprises imposes functional limits on their entrepreneurial success.

#### **Extensive Marketization**

Extensive marketization of universities in Kenya and Uganda has been the most apparent, eliciting concerns in policy and polemic criticism in academic discourse (see Johnson & Hirt, 2011; Mamdani, 2007; Mugabi, 2009; Munene, 2008; Owoeye & Oyebade, 2010; Wangenge-Ouma, 2012). Extensive marketization is informed by the conviction that private business enterprises provide models of efficiency and accountability which are wanting in universities especially where state institutions are concerned. It is also founded on the principle that universities should serve other needs besides knowledge generation and dissemination. They should spur economic growth in their immediate locality and also serve as models of entrepreneurial success.

The surge in the number of private universities has been the most visible manifestation of marketization landscape in east Africa. Private universities represent the most observable dimension of market for education services, being created with the sole purpose of meeting the needs of particular market segments. Private universities manifest links to the differentiated market segments that the liberalized higher education environment makes it possible to access. The contours of private growth in Kenya and Uganda is an attempt to address these differentiated market needs and mirror with global patterns that have occurred elsewhere.

Both Kenya and Uganda had a single public university in the first and second decade of independence. Today, the number of private universities has increased considerably. As disclosed in Table 1, the number of private universities outnumbers the public ones on a ratio of 1 to 5 in Uganda. In Kenya, there are slightly more public universities than private. However, this is a recent development with around 17 public universities being established in the last 2 years. In 2011 there were 7 public universities and 17 private ones. This private growth belies comparatively smaller student enrollment in contrast to the public universities. Private university enrollment in Kenya was only around 48,211 (15%) students in contrast to public enrollment of over 276,349 (85%) students in 2014 (Republic of Kenya, 2014); in Uganda the student population in public universities in 2013 stood at 87,250 (76%) whereas that of private ones was 27,552 (24%; Republic of Uganda, 2013), a trend that is consistent with earlier findings (Carrol, 2007; Salerno & Beverwjik, 2007).

Table 2. Accredited Religious and Non-Religious Private Universities in Kenya and Uganda, 2012.

Religious group	Kenya	Uganda
Catholic	2	2
Protestant <sup>a</sup> (Adventists, Anglican, Methodist, Nazerene, Pentecostals etc.)	11	9
Islamic	I	2
Religious leaning <sup>b</sup>	2	_
Non-religious	7	15

Source. Institutional websites. In a number of cases, information on the religious affiliation was missing, as institutional websites were unavailable. all non-Catholic groups.

In tandem with international patterns of private growth linkage to market segments (Levy, 2006), private university development in Kenya and Uganda has occurred in a three-wave process (Munene, 2009). The first wave is religious universities. Uganda pioneered this with the founding of the Islamic University in Uganda (IUIU) in 1988. Currently, religious universities dominate private university development in Kenya and rival the non-religious ones in Uganda, with Christian institutions being the overwhelming majority as revealed in Table 2. The phenomenal surge in religious universities is driven by the desire to address a market felt need—students seeking university education with a religious fervor, and the religious organizations' need to extend their spheres of influence:

By the time UCU was started, the Islamic University in Uganda [Islam], Uganda Martyrs University [Catholic], and Bugema University [Seventh Day Adventist] had already been established and the only concern for the Church of Uganda was where, but not whether to, establish a university. (Mugabi, 2009, p. 4)

The second wave is the development of elite universities, largely driven by perceived decline in elite status of national universities. The politicization of state universities in Kenya and Uganda, the deterioration of their academic facilities due to neglect, and the burgeoning student enrollments have transformed the institutions from conclaves of elites to mass institutions with a heterogeneous population. As public universities have lost their previous privileged positions and transitioned into open-access mass institutions, so has the affluent class' dissatisfaction with the institutions intensified. The size of true elite is still small in both countries and so this category of university development is still in its infancy. The two institutions that qualify under this category are in Nairobi, Kenya: Strathmore University and the USIU, an affiliate of the U.S.-based Alliant International University. USIU is the most expensive institution in east and central Africa, patronized by affluent students from the region. Its programs are always accompanied by the "international" nomenclature, signifying a focus on global rather than national labor markets.

The third-wave of market-linked private university development is the growth in low-quality demand-absorbing

tuition-dependent private universities. These universities address the general market need: demand for higher education. They offer courses that are popular and cheap to mount—business, education, information technology, and some social science programs. Uganda leads the way in this development with nearly all its non-religious universities falling in this category. Strict accreditation mechanism instituted in Kenya has precluded the proliferation of such institutions though we can cite two, Kiriri Women's University of Science and Technology and Gretsa University. The two have failed to gain the requisite accreditation more than a decade after they were established. Kampala International University, Kampala University, and Fairland University are the well-known private universities, established by entrepreneurs, which have been in the forefront of meeting the demand for higher education beyond Uganda. However, questions of their academic quality have always been at the forefront (Barigye, 2007; Spaull, 2015).

Besides the development of private universities, the privatization of public universities is another indicator of response to the market. Privatization of public universities represents an alternative mode of financing state institutions. Under this financing model, state universities have become less dependent on state coffers and more on the marketplace via tuition fees. This represents a market transaction between the university and the students for the services rendered by the institution.

The most prominent of public universities' privatization is the enrollment of privately sponsored students. Pioneered by Uganda's Makerere University in 1992 (Court, 1999), all state universities in both countries now admit privately sponsored students paying the full market-rate tuition fees and the associated campus living expenses. So popular are these programs that at Makerere University they constitute almost 80% of the student enrollment (Carrol, 2007; Magara, 2009) whereas in Kenya they make up more than 50% of the enrollment (Otieno, 2002; Republic of Kenya, 2014). These programs, otherwise known as parallel or Module II programs, have been very lucrative to the universities, at times generating revenues that rival or exceed state subventions (Munene & Otieno, 2008). The most popular programs are those that are market-oriented and demand-driven such as business.

blinstitutions established by private individuals, but with a strong religious foundation and orientation.

Table 3. Internally Generated and Government Funding at Makerere, 1991-2005 (UShs. Billions).

Year	Internal funds	Govt. funds	Total funding	% private
1995/1996	4.1	20.3	24.4	17
1996/1997	7.6	19.3	26.8	28
1997/1998	8.8	19.5	28.3	31
1998/1999	13.7	22.5	36.2	38
1999/2000	15.1	23.0	38.1	40
2000/2001	17.4	22.1	39.5	44
2001/2002	19.0	26.7	45.7	42
2002/2003	29.4	26.6	55.6	53
2003/2004	30.7	26.3	57.0	54
2004/2005	36.6	36.6	73.2	50
2005/2006	38.4	41.0	79.4	48

Source. Carrol (2007, p. 82). Note. UShs = Ugandan shilling.

computer, and information technology and medical sciences. This "dual-track" tuition fee policy in Kenya's and Uganda's public universities is a response to both market demand for university education and revenue-enhancement requirements by the institutions.

Thus, Module II programs address an important market niche that was excluded in the previous state model of financing public universities. In the old dispensation, public universities catchment area was restricted to high-achieving school graduates aged 18 to 24 years who were guaranteed government scholarships. Economic forces, political realities, and the changing demographics in the new dispensation have seen the broadening of the catchment areas to include students who are older, part-time, and from ethnic minority populations. This new entrants into the public universities are mostly employed and take courses in time and location to suit their career needs. In turn, universities have developed organizational structures and market-specific learning modules to meet such needs. For instance, Kenyatta University has recently established the School of Virtual and Open Learning to effectively meet the e-learning and distance learning needs of these students (Kenyatta University, 2015).

Extensive marketization has additionally been evident in the pursuit of commercial enterprises. Universities have developed policies and set up structures to facilitate their involvement in revenue generation through the sale of goods and services. By involving themselves in such profit-driven commercial activities, universities transform themselves into competitive markets and have to act strategically to attain status and reputation in an increasingly competitive global market. They organize to compete with other knowledge organization for external resources and support to attain "reputation, students and status" (Wedlin, 2008, p. 148). As they organize to gain advantage in the marketplace, universities increasingly venture into areas tangential to their core missions of knowledge generation and transmission.

In seeking to become what Clark (1998) calls "the entrepreneurial university," Kenya and Uganda state universities have pursued a variety of commercial ventures. The commercialization has seen the establishment of business incubation centers, industrial parks, real estate development, funeral homes, hotels, and conference facilities, and engagement in contract research. The universities have also embarked on revenue generation and cost-recovery arrangements for student services offered on campus such as catering and accommodation amenities. Holding subsidiary corporations have been created to manage these revenue enterprises. In Kenya, the University of Nairobi Enterprise Services (UNES),<sup>2</sup> Kenyatta University's Directorate of Revenue Generation and Enterprise Development,<sup>3</sup> and the Jomo Kenyatta University of Agriculture and Technology (JKUAT) Enterprise Limited<sup>4</sup> are the most notable. In Uganda, the Makerere University Investment Directorate<sup>5</sup> is the most prominent holding entity. Tables 3 and 4, although obviously different in format, show the increasing importance of university-generated funds in running both Makerere University in Uganda and the University of Nairobi in Kenya. At the former, internally generated revenues constituted more than 50% of the revenues by financial year 2002/2003. In the latter, revenues from tuition fees and other sources had grown exponentially by over 1,500% by the same financial year. These economic enterprises are at various stages of institutionalization, but their incorporation into university missions and strategic plan show that the universities are least troubled by contradictions inherent in the commercial interests intrusion into the academic space.

Though rarely acknowledged, marketization is also subsumed in university rankings. In a competitive global environment, university ranking has become vogue. Through the growing catalogue of competitive rankings of universities, institutions compete for reputation and legitimacy which later translates into additional resources and more students. Through ranking tables and media exposure, universities become both market actors and markets themselves. Simply put, university rankings are measures of "success" used to advertise the university brand, profile, and position in the

Table 4. Income Earned From the Various Income-Generating Activities Through UNES, 1997-2003 in Kenya Shillings (Ksh.).

Year	Module II programs	Other projects	Total
1997/98	12,964,110	66,696,046	79,660,156
1998/1999	233,153,499	82,001,499	315,154,998
1999/2000	377,144,631	84,160,615	461,305,246
2000/2001	602,836,675	78,166,941	681,003,616
2001/2002	944,096,451	73,359,334	1,017,455,785
2002/2003	1,209,512,592	106,877,915	1,316,390,507
Grand total			3,870,970,308

Source. Kiamba (2004, pp. 59-68).

Note. US\$ I = Ksh. 85; UNES = University of Nairobi Enterprise Services.

competitive university markets. Not surprising both Kenya and Uganda have embraced ranking with the same enthusiasm as they have commercialized their academic activities. The most prominent international ranking system pursued by universities in the region is webometrics<sup>6</sup> which ranks institutions based on web presence. Of this, the Kenyatta University (Kenya) vice-chancellor declared,

We are pleased to inform Kenyatta University fraternity that ranking on webometrics has improved significantly. We have maintained our national ranking at position 3 from 5 in 2009. Our continental ranking has improved from position 100 in 2009 to 45 in 2012 and from position 9129 in 2009 to 3034 in 2012 globally . . . We wish to thank Kenyatta University management for the guidance, encouragement and support that has made the website come this far. We also wish to congratulate all schools, departments and directorates/centers for having been part of this initiative of good performance by providing timely information to be uploaded to the website. (Kenyatta University, 2012, p. 10)

Besides international ranking systems, the east African region has began developing its own system. The survery by an international firm, CPS, compares university performances across a number of indices including technology and employment (Gicobi, 2015; University World News, 2012).

To a considerable degree, therefore, the higher education topography in both Kenya and Uganda demonstrates a considerable latitude of university marketization. Although empirical data in certain cases are difficult to attain, what is available suggest that the local marketization trends echo the global trends. This direction of university development has been a source of both compliment and concern—additional revenues have enhanced institutional autonomy while sacrificing quality and university mission.

#### Limited Marketization

As it so happens with many innovations, it is easier to identify the manifestations of the market university in east Africa than to quantify its actual limits. Though there has been plenty of scholarship around marketization in the region, there is limited study of its functional limits. Limits to

marketization effects arise from the very nature and mission of universities; they are in the business of education and training not profits making as is the case with purely commercial enterprises (Tierno, 2014). The society evaluates their success or failure not on the basis of how much revenues or profits they rake in, though that is important, but on how well they train competent professionals and critical thinkers who can move the society forward. No university in east Africa states that its mission is revenue generation or profit enhancement. Even though the universities may purport to operate along a business model with students as the consumer, commercial principles of efficiency and profit often conflict with cherished higher education goals of equity in access and quality of learning outcomes.

One of the greatest evidence of marketization limits is the persistence of government-sponsored students paying highly subsidized tuition fees in public universities in Kenya and Uganda. This distorts market pricing of academic programs. The dual-track tuition policy in state universities shows the contradictions in public policy of linking universities to the market while attempting to meet equity goals of higher education. It is a policy that acknowledges the appropriateness of market-rate tuition fees in a competitive regime but goes on to provide scholarship and charge below-market tuition for the best prepared academically. Even where loans are advanced to students, the interest rates charged are not pegged on adjustable rate of inflation due to excessive state subsidization. In Kenya such loans are pegged on a fixed rate of 2.3% which is way below the cost of inflation.

Notwithstanding claims of revenue generation in the marketplace, market distortion is evident in the uniform costing of academic programs for state-sponsored students. Government-sponsored students are charged the same tuition fees regardless of the cost of the academic programs; for such students, expensive programs such as medicine, veterinary medicine, engineering, and pharmacy cost the same as programs such as humanities, education, business, and social sciences despite the real differences in the actual costs of mounting and running the programs. This implies that the running of high-cost scientific and technological programs for students on state scholarships has to be subsidized from

other revenue sources, further distorting the market value of academic programs.

The academic values of collegiality within the teaching ranks do impose restrains on marketplace rewards and incentive structures in universities in contradistinction to what occurs in business enterprises. In all east African universities, academics are remunerated based on their academic rank and qualifications rather than the market demand of their academic discipline as is the case in the United States. Whereas in the United States faculty salaries are first and foremost a function of the market competitiveness of the academic discipline, in Kenya and Uganda academic qualification and rank reign supreme in determining remuneration. Whereas in the United States a senior professor in medicine will command more pay than his education or history counterpart reflecting the market price of the disciplines, in Kenya and Uganda the two will earn similar pay despite differences in the market prices of the two disciplines. It is not surprising that disciplines with high student demand such as medical sciences, engineering, computer, and information sciences also have a critical shortage of academic staff, many who leave for better pay in the private sector. However, it is worthwhile to note that in the privately sponsored programs, some universities have instituted differentiated pay to reflect the market realities of the various disciplines. Those teaching in the medical and engineering schools, for instance, command higher supplemental remuneration than those in the humanities and social sciences.

Marketization in Kenya and Uganda's university sector has been extensive. It has also been intensive especially in public institutions where both privatization and commercialization of activities has been conceived, implemented, and operationalized. Not unexpected, however, the east African universities, like their counterparts elsewhere, have not generated substantial revenues from their entrepreneurial activities. The only exception is tuition fee revenues. Income revenues from activities such as contract research, patent licensing, consulting, and business ventures remain miniscule and hardly reported. The east African experience mirrors the situation in the United States where entrepreneurial activities generate little for most universities and the reported failure rate is quite high despite a long tradition in investing in the marketplace. Only in very limited elite universities do sports and research generate substantial income (Bok, 2003).

#### The Good Market and the Bad Market

The process of university marketization is hardly a clear-cut black and white transformation. As with any innovation, there is bound to be doubts, false starts along with achievements as well as challenges. The process may occur fairly successfully in some contexts but fail miserably in others. In Europe, for instance, Clark (2004) has documented the successful entrepreneurial universities in a continent that has traditionally been dominated by state control of higher education. Researchers in Kenya and Uganda have called attention to

different aspects of the consequences of university marketization. In this section, we highlight the benefits and the downside of university marketization in both countries, with a particular focus on those with the most impact.

#### The Good Market

Of the various benefits of marketization, none supersedes the revenue generated for public university treasuries by tuition fees paid by privately sponsored students. In older state universities such as Makerere in Uganda and the University of Nairobi and Kenyatta University in Kenya, tuition revenues have been the major sources of monies to cater for rehabilitation of dilapidated teaching facilities, construction of new ones, and stocking of once-empty academic libraries. At Kenyatta University, 25% of the internally generated funds has been budgeted for infrastructure development:

In March 2007, a third of Kenyatta's student population consists of government-sponsored students. This means that more than half of the student population is privately sponsored students. The government remains the main source of funding for the university. In addition, the university generates an extra income from students who are not sponsored by the government, and therefore are called private students. From the income generated by private students, 25% is allocated for the development of Kenyatta University's infrastructure. (Gouws, 2008, p. 74)

The revenue streams have also facilitated the ability of universities to supplement state-determined academic staff salaries thereby stemming the tide of brain drain from the universities to universities abroad or the private sector. This is more so in the critical areas of science and technology where compensation for supplemental teaching is differentiated based on the market value of the discipline. At the University of Nairobi and Makerere University, academic staff teaching beyond their normal loads in medical sciences, engineering, law, and information technology are compensated at a higher rate than those teaching in the humanities and social sciences (Munene, 2007).

Marketization initiatives have permitted universities to forge closer ties with industry thereby enhancing the practical dimension of academic training. For a long time, state universities in the region have been demonized for offering programs, especially in engineering, sciences, and business, which were out of sync with the world of work. Such programs were either outdated or provided students little exposure in terms of practical experience. Consequently, the students required additional training upon graduation to be deemed competent for work. Not anymore. State universities have been aggressive in courting the private sector for collaboration in training and business incubation mentorships. Virtually all programs in Kenya's state universities now require an internship training in the private or public sector.

Furthermore, the universities have established industry linkage and business incubation centers such as the Chandaria Business Innovation and Incubation Center (CBIIC) at

Kenyatta University in Kenya.<sup>7</sup> CBIIC is a joint venture between the university and the leading industrialist in the region, Manu Chandaria, and provides space for students and faculty to incubate business ideas. In Uganda, the most prominent incubation center is the Makerere University Food Technology Business Incubation Center (FTBIC).<sup>8</sup> Private universities have also been active in this area as well. The most prominent is Strathmore University in Kenya which houses iLab,<sup>9</sup> an information technology business incubation center founded in collaboration with a leading telecommunications provider. Though the success of these initiatives is yet to be conclusively determined, they remain important milestones in enriching the academic programs in the universities.

The impact of marketization on institutional autonomy and managerial reform merits consideration. Owing to independently sourced revenues, state universities are now able to make important decisions independent of the state. Decisions related to discretionary income spending, new academic programs, facilities construction, joint partnership with international agencies, and so on, are some of the choices now made at the institutional level, whereas previously they required extensive government consultations. Internally, evidence suggests that state universities have reconfigured their governance mechanisms to become more consultative and participative (Court, 1999; Munene, 2008). Both Kenya and Uganda have eschewed the tradition of head of state as the chancellor of public universities and instead appointed either academics or other prominent citizens to these positions. This has allowed universities to make decisions without being steered by the state in particular directions. University vice-chancellors are now hired competitively and are accountable to the university community through the university councils. University newsletters now keep the community informed of decisions and development on campus. Makerere University, however, has a more decentralized management transformation than Kenyan universities. Faculties at the university determine their own development programs through financial committees that receive a portion of earned revenue and decide on its allocation and distribution (Court, 1999). These consultative and participative strategies have opened doors for the involvement of all multiple stakeholders in the development of the university.

Marketization, therefore, has made significant contributions to ancillary conditions that in the long run are necessary for good teaching and learning. Though criticism of universities' entry into the marketplace abound, there can be no gainsaying that improvement in universities' physical appearance, increased educational opportunities, enhanced practical training in academic programs, and reform in governance have positively impacted the academic climate. However, the higher education echo chamber in the region continues to reverberate with loud noises of the negative consequences of university marketization. We now turn our focus to these negative chatter.

### **Bad Market**

Internationally, the university transformation echo chamber is loudest on the negative effects of marketization. The net result is that marketization of universities is perceived negatively. Literature from Africa to Australia, Asia to Europe, Latin America to North America is replete with unflattering picture of the adverse effects of academic capitalism on teaching, scholarship, academic programs, and governance. The same applies to east Africa where the bulk of literature catalogues the declining academic ethos courtesy of rapid commercialization of universities. In analyzing the purported success of Makerere University in Uganda as an entrepreneurial university, Mamdani (2007) notes that unlike in "limited privatization" where the public leads the private (including the market), in commercialization the private leads the public. Thus, the commercialization of African state universities is the subordination of public institutions for private ends.

The most virulent criticism of marketization has been the decline in academic quality in universities. The transition of public universities from elite to mass institutions has resulted in the enrollment of more students than the physical facilities and academic staff can optimally accommodate. As privately sponsored fee-paying students have become a cash cow for the financially starved state universities, economic needs have often eclipsed quality concerns as the driving force in enrollment decisions. Overcrowded lecture halls, libraries, and halls of residence are now the hallmarks of public universities (Ssempebwa, 2011; Wangenge-Ouma, 2008). Creation of additional academic programs in public and private universities has meant more teaching and "moonlighting" form one campus to another and less time for research or student supervision:

Supervision at postgraduate level has become extremely weak. We do not create enough time for our students at all. Many of us like to put our students in our vehicles [and] as we drive to other things that we do, we are commenting on their work: "I looked at your work, fine, it looks okay here, and here it does not look okay. Here I'll be looking at it again, but meanwhile I'd like you to look at A, B, C . . . " as you are driving, negotiating corners! This is what happens as lecturers run from one campus to another. (Wangenge-Ouma, 2008, p. 462).

The near inability to supervise students has led to numerous cases of academic dishonesty and plagiarism. Students in Kenyan universities are now able to contract "academic entrepreneurs" to write their research projects for a fee. In other cases, some students "sell" their research projects to others who slightly alter the titles and submit it as their original research.

The concern with academic quality in the context of market-based university massification continues to present challenges to authorities in both countries, a problem compounded when universities operate across national boundaries.

Though the problem is evident in most institutions across the board, it is more intense and elicits official sanctions in private universities. The most recent example is Uganda's Bugema University whose branch campus in Kenya was closed following claims it was operating illegally and offering substandard degrees (Khisa, 2010). Recently law graduates of Uganda Pentecostal University were denied admission into the Kenya School of Law for their legal training after the Council for Legal Education removed its name from the list of recognized universities (Wasuna, 2014). The fast-growing Kampala International University, also in Uganda, continues to fight perceptions of poor quality and awarding degrees to politicians contrary to prescribed time required for study (Ndurya, 2014; Spaull, 2015; Sylivester, 2013). Kenyan universities also face some of these accusations (Maina & Okari, 2015), and the private St. Paul's University has become the to-go institution for politicians seeking a quick passage to a university degree.

The neo-liberal reconfiguration of state universities also accounts for the increased bifurcation of the internal character of the institutions. In Uganda's Makerere University, departments get to retain revenues generated from tuition fees paid by the privately sponsored students based on the following formula: 51% from day students, 59% from evening students, and 71% from postgraduate students (Carrol, 2007, p. 82). In Kenya's public universities (except Kenyatta University), academic units keep 31% of such tuition revenues. At Makerere University, these revenues are used to supplement academic and administrative staff salaries in the respective academic units. A number of problems arise from these arrangements. One is the obvious obsession by academic departments to increase student enrollments, staff and facility inadequacy notwithstanding, to generate tuition revenues. Those able to enlist more students have more revenues than the rest. For the academic units, it is a numbers game, not a quality issue anymore.

The second is the differential pay for faculty teaching in the privately sponsored programs. In Kenyan universities, lecturers teaching in the medical, engineering, and business schools earn more than their counterparts in education, humanities, and the social sciences. The differential pay does not reflect effort or academic credentials of the academics but merely the perceived market value of the disciplines based on student demand. The net effect has been the creation of a market-based disciplinary superiority between academic staff and units within the universities; a "haves" and "have-nots" bifurcation of the academia.

The third consequence is that the fervent commercialization of academic programs has brought in its wake an insatiable desire for new inter-disciplinary courses and programs that are purportedly market-based. This new programs have been the *raison d'etre* for the dilution of the traditional theory-based and methodology-oriented rigor associated with university training as Mamdani (2007) explains:

The Makerere reform went alongside a proliferation of interdisciplinary academic programmes, but without an anchor in core disciplines. The result has been to devalue higher education into a form of low level training lacking a meaningful research component. The "innovators" of the Makerere reform called this training "professionalisation." I argue that this *low level training* is better described as "vocationalisation" that is traditionally associated with community-based colleges. (p. x)

An unhealthy stratification of university programming based on inter-disciplinary applied courses versus the traditional core disciplines is markedly noticeable in the universities. At any rate, the negation of disciplinary-based expertise at the altar of pure commercialism only serves to erode the critical and analytical traditions inherent in academic training at the university.

A corollary development has been the unhealthy mission creep with universities offering courses that ideally belong to middle-tier colleges. At their establishment, universities, both public and private, proclaimed their missions as to train high-level manpower and engage in advanced research. However, as revenue diversification through marketization has taken hold, the institutions now offer training programs in a variety of technical fields—weekend training, certificates, and diplomas (associate degrees). Virtually all public universities in Kenya host Microsoft and Cisco academies where they offer information technology certification course ran by the two computing giants. Franchising degree programs to middle-tier colleges is further evidence of this mission creep with Kenya's JKUAT and Kenyatta University leading this mode of education delivery. JKUAT has franchised its degree programs to 21 colleges. Such arrangements invite questions of quality control as teaching and supervision is performed by non-university faculty in the contracted colleges.

Besides increase in internal university bifurcation, entry into the marketplace by universities has exposed their soft underbelly when navigating the intricacies of the markets. There is the delicate issue of state subsidized institutions such as state universities competing for business on the same footing with privately owned enterprises. This amounts to the transfer of tax-revenues to promote business to the disadvantage of private entrepreneurs who cannot access such taxgenerated revenues. Further, there have been concerns about university risk exposure when they engage in collaborative commercial agreements with foreign institutions and business. Munene and Otieno (2008) document how the University of Nairobi was outwitted and outmaneuvered by the more adept Oxford University and Pfizer pharmaceuticals during the trials of an AIDS vaccine in the late 1990s. Earlier, the university had encountered similar problems when collaborating with Amarillo Cell Culture Center of Texas, USA, over the development of a similar vaccine. As a cure for AIDS represents a potential goldmine for the

university, it is little wonder that the university risk exposure quotient remains a low priority for the administrators (Munene & Otieno, 2008, p. 475).

#### **Conclusion**

University transformation taking place in east Africa reflects the economic and political pressures brought to bear on universities. These political forces explain the differential approach to university marketization between Kenya and Uganda on the one hand, and Tanzania on the other. Our interest in this analysis was to document the extent of marketization in the former, showing how the trends mirror and differ from global trends.

Kenya and Uganda have been at the forefront in the infusion of neo-liberal principles of linking universities to the marketplace. This work has looked at the scope of university marketization including its manifestations, its limits along with the positive and negative consequences. The extent of marketization has been evident in the surge of private universities and the privatization and commercialization of academic activities in public universities. Though extensive, marketization is, however, restrained by state role in financing aspects of universities, inherent values of universities that emphasis collegiality, and the minimal evidence of entrepreneurial success.

Marketization has enabled universities to generate revenue for facilities construction and maintenance, supplement academic salaries, and allow for the much needed university autonomy from the national governments. There are, however, concerns with academic quality, the decline in academic ethos of research and scholarship, mission creep, and institutional risk exposure in the marketplace.

The exposure of universities is a global trend. Many Western universities have been at it for a while now. In recommending the "entrepreneurial university" as a model of university development, Clark identifies five essential features of such a university: diversified financial base, strengthened steering core to make policy, expanded outreach periphery, bolstered academic heartland, and integrated entrepreneurial culture (Clark, 1998). Clark's central thesis is that before universities become entrepreneurial, they have to be well-developed universities because, at the end of the day, they remain just that—universities. Sadly, this is not the case for universities in Kenya and Uganda which have jumped into the entrepreneurial bandwagon before they fully matured as full functioning and credible institutions. All said, ensuring a healthy mix between entry into the marketplace and the retention of quality academic standards remains a critical policy challenge for governments and university administrators.

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#### Notes

- For Kenyatta University (KU) Digital School of Virtual and Open Learning, see http://ku.ac.ke/dsvol/
- For University of Nairobi Enterprise Services see http://www. uneskenya.com/
- 3. KU Directorate of Revenue Generation and Enterprise Development see http://ku.ac.ke/dreged/
- The Jomo Kenyatta University of Agriculture and Technology Enterprises Limited site is http://www.jkuatenterprises.com
- Makerere University Investment Directorate website is http:// mak.ac.ug/university-services/investments
- 6. See www.webometrics.info
- Read more about KU Chandaria Business Innovation and Incubation Center at http://ku.ac.ke/chandaria-biic/
- Makerere University Food Technology Business Incubation Center can be found at http://ftbic.mak.ac.ug/
- 9. Strathmore University iLab http://www.ilabafrica.ac.ke/

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