



CENTRAL UNIVERSITY OF TECHNOLOGY, FREE STATE  
SENTRALE UNIVERSITEIT VIR TEGNOLOGIE, VRYSTAAT  
YUNIVESITHI E BOHARENG YA THEKENOLOJI, FOREISTATA

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## **Strategic Partnerships for Socio-economic Development:**

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**From points to areas of convergence between the University and Industry**

Thandwa Mthembu  
Vice-Chancellor and Principal  
Central University of Technology, Free State

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Ek weet dat AHI staan vir die Afrikaanse Handelsinstituut. Daarom het ek my toespraak in Afrikaans voorberei. Toe ek in Bloemfontein gekom het, kon ek nie veel Afrikaans verstaan nie, selfs al het ek 'n Bantu Onderwys C-simbool in Afrikaans op my Matrieksertifikaat gegraveer. Op een of ander wyse is dit tog besig om weer terug te kom. Ek kan nou die Volksblad lees – daar is nie veel van 'n keuse in Bloemfontein as 'n mens op soek is na kwaliteit-nuus in geskrewe vorm nie.

As background to tonight's speech, I would like to reiterate a few statements I made in 2007, especially in my inauguration paper I presented on 25 May. I am sorry to have to take you that far back because so much has happened and even gone wrong in the intervening period. But, you will soon understand why.

The theme of my paper was simply: Unmaking, remaking and making a university. Before I prepared it, I had had several meetings with varied stakeholders. I actually had a cocktail function with business/industry on 22 February 2007. I did all this in order to ensure that my paper would not be internally focused, but exploit external perspectives as well about unmaking, remaking and making a university – not only just CUT but any university you could think about.

As part of my philosophical grounding for the theme and for what a university should be, I used an idea from a book entitled: *The Idea of Higher Education*, by Ronald Barnett<sup>1</sup>, which “suggests that higher education should not be about learning, let alone teaching and training. The thrust of Barnett's fascinating idea is that in a higher education institution (therefore in this context, not a higher learning or training institution) **one need not necessarily be learning about what already is and exists. But, rather, we should be producing what has never been, and never existed. We usually call this, simply innovation.**” If universities could do this well, then there

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<sup>1</sup> Barnett, R. (1990). *The Idea of Higher Education*. Buckingham: Open University Press.

would be no unemployed graduates. They would simply use their highly innovative minds to create employment, instead.

With innovation as the mantra, I had to think deeper about the agents and agency for it to take root. For a philosophical grounding in this area I relied on a book edited by Patrick Coldstream and Svava Bjarnason entitled: *The Idea of Engagement: Universities in Society*. I said: “In the simplest terms, engagement, according to Patrick Coldstream<sup>2</sup>, is not just about outreach, links, services and philanthropy, it is **“a matter of interpenetration of universities and the wider society”, and I would add, in a mutually beneficial way that affords intellectual growth for the university and socio-economic growth for the rest of society.**” As a university, we are interested in intellectual growth and innovation; as business and industry you are interested in exploiting those to make your enterprises prosper; and I would like to think, for the benefit of socio-economic growth.

After thinking about what a university should be and what the agents and agency for it should be, I then had to think even deeper. Who in the wider society would be our primary partner (agent or agency) for this interpenetration Coldstream refers to?

My proposition is simple: If we should be a university that produces independent innovators and innovators for the workplace, whose curriculum requires intimate engagement with business and industry and whose innovations are in the area of application; **“then, our primary partner and community should be business and industry”**. I hastened to add that, in the Free State, where there is a rise in the business of ‘community services’ – largely provided by government – **“government (local, provincial) is big business here”**.

Given the deliberate choice reflected above, you will understand better why the thrust of my 22 February 2007 speech at the cocktail was about **moving from points to areas of convergence** between business and industry on the one hand, and the university on the other.

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<sup>2</sup> Coldstream, P. 2003. *Engagement: an unfolding debate*. (in) *The Idea of Engagement: Universities in Society*, by Bjarnason, S and Coldstream, P (Eds.). London: Association of Commonwealth Universities.

I said: ***“doing business should be a two-way, mutually beneficial process that also benefits broader society. Far from begging! What that demands is that we engage deeply and meaningfully to understand what our passions are, what our visions are, what our objectives are, what our challenges are, what our business strategies are, and so on, and what our points or areas of converge are.”***

What could our passions, visions, objectives, challenges, strategies and areas of convergence be? Where would we draw inspiration for these from? The Free State Growth and Development Strategy I (FSGDS) is under review as I speak. I would not like to draw much from it. Rather, I must just point out a number of challenges from a few recent documents on this country and this province’s economy:

The recent budget speech of the Minister of Finance, Mr Pravin Gordhan<sup>3</sup>, had the following uncomfortable statistics:

- **Jobs:** An estimated 34 million people have lost their jobs worldwide. In particular, 900 000 South Africans lost their jobs in 2009 alone.
- **Economic Growth:** After declining by 0.8% in 2009, the world economy is expected to grow by 3.9% this year driven largely by the momentum of China’s industrial expansion, urbanization and modernization. After 5 years of strong growth during which about 2 million jobs were created, South Africa’s economy shrank by an estimated 1.8% in 2009.
- **Sector economic output:** Mining output, one of the major economic activities in the Free State, fell by a whopping 7%, manufacturing by over 12%.

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<sup>3</sup> Gordhan, P. (2010). Budget Speech. National Treasury: Republic of South Africa

Closer to home, the Free State Provincial Economic Review and Outlook, 2009<sup>4</sup> presents the following challenges:

- **Jobs:** The Free State recorded an even higher job loss as compared to the fourth quarter of 2008 and the first quarter of 2009, that is, 26 000 job losses. Whilst the official unemployment rate stands at 25.2%, the expanded unemployment rate is actually 43.2% in the Free State! The majority of the unemployed fall in the age groups of 20-24, 25-29 and 30-34, people who should be harbouring hopes of personal advancement rather than despair and doom.
- **Economic Growth:** The provincial economy has consistently performed below that national average over the past 12 years. GDP growth in the Free State averaged 2.4% over the period 1996 to 2007, compared to the national average of 3.6% for the same period. During this period, Free State, together with North West, were the second worst performing economies after the Eastern Cape.
- **Sector economic output:** The Free State's contribution to the national economy has decreased from 5.9% in 1997 to 5.4% in 2007, mainly due to the decreasing contributions of agriculture, fishing and forestry, and mining and quarrying. GDP contributions from mining and agriculture have declined from 9.7% and 4.7% respectively in 2002, to 8.4% and 3.3% respectively in 2007. The Free State used to have an overall comparative advantage in agriculture, but has since been surpassed by Northern Cape.

The figures mentioned above are produced periodically. The FSGDS has been in place since 2005, but what do we have to show. Yes, we could blame government. But, as part of the

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<sup>4</sup> Free State Provincial Economic Review and Outlook. Treasury, Free State Province. 2009.

broader civil society, what have we done in our little capacities to turn this sad state of affairs around? What strong and strategic partnerships have we built with all relevant sectors of or participants in our economy?

The question is: What has happened since then and what is the prognosis for the future?

Before I point fingers to anyone, I must first give an account of what I have done at CUT to prepare us for strategic partnerships for socio-economic development.

I must start with a few of the anomalies that had to be put right as part of unmaking, remaking and making CUT anew. You see, a university is human resource intensive enterprise. As a result, we all tend to falter in our strategic management of resources in the area of salaries.

- In 2007, I found an institution which had budgeted about 74% of its total income on salaries, mostly towards support staff for that matter. Being one of the smallest universities in the country, I inherited 9 executives and other lower level reports to the Vice-Chancellor at a cost of about R9 million. The Registrar's and one Deputy Vice-Chancellor's position had been a mere halfway or so split of the Registrar's portfolio into two executive portfolios! At that time, Tshwane University of Technology's (TUT) budget on executives and reports to the Vice-chancellor was about R7 million – which by now has increased, of course. To make things worse, TUT was about 5 times larger than CUT in terms of student numbers, the driver of most of our funding. As of 2010, the number of executive positions stands at 4 at a cost of about R5.5 million. The painful process of restructuring was motivated by this, amongst others.
- At the middle management level, the staff establishment stood at close to 90 positions. Evidence showed that large institutions like TUT had an average of 45 positions at this level. We had to cut the number of positions at this level to 44. Whilst salary

expenditure at this level used to cost us R38 million, it now costs us about R20 million in today's rand value.

- As a result of the scenario sketched above, our expenditure on academic salaries versus support services salaries was at a ratio of 49:51 in favour of support services salaries. We were simply not investing in the core business of teaching, learning and research. As of 2010, this ratio has become 56:44 in favour of academic salaries, as a result of our savings from the turnaround processes explained above. Yes, the process has been painful to many, but quite beneficial to the university's future.

There are some additional green-fields and innovative platforms and projects:

- By its operating budget CUT is currently at just under R500 million. This figure excludes its investment portfolio that currently stands at about R230 million, up from about R120 million in 2006. The latter reflects an almost 100% increase over the last 3 years!
- Since 2007, capital infrastructure spending increased from nothing to the current R240 million. This is thanks largely to government. But, because of our own investments, we were able to top-up government's R185 million granted to us to this amount. This has been a great boost to our balance sheet and long-term asset base.
- A new Vision 2020 and related Strategic Plans: 2020-2015 and 2016-2020 have been approved recently. The vision emerges direct from the 25 May inauguration paper and operationalises some of the statements about engagement and strategic partnerships with business/industry and government. It should take another occasion for me to present the vision and the plans to you. Our Vision 2020 statement is simple, I think:

**By 2020, CUT shall produce quality social and technological innovations for engagement in socio-economic development, primarily in the central region of South Africa**

Briefly the vision calls for an **outcomes-impact** oriented approach that satisfies the aspirations of end-users. You see, universities like to do things *ad nauseum*, without any measurable outcome. One debilitating remnant of a university culture is that when **“everything is said and done, more is said than done”<sup>5</sup>**.

- To further operationalise Vision 2020, we have established what we call the STEPS process, with STEPS being an acronym for Strategic Transformation of Educational Programmes and Structures. A STEPS conference, which has somehow become an international conference, will help to guide CUT on how its programmes need to be strategically aligned to enable us to reach the outcomes.
  
- We have set up a number of new entities or facilities – real and virtual – as vehicles to drive our new vision:
  - **Regional Innovation Centre:** This virtual centre brings together a number of CUT centres that are geared towards industrial innovation and entrepreneurship, especially in the area of manufacturing. The Centre for Rapid Prototyping and Manufacturing (CRPM), the Technology Station, the Centre for Entrepreneurship and others are part of this cluster. As a first step, the Department of Science and Technology and the Department of Economic Development, Tourism and Environmental Affairs are funding this initiative to the tune of R1 million during this financial year for start-up and for producing a Free State Regional Innovation

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<sup>5</sup> Kerry Cox, Edith Cowan University

Strategy. Through innovations in this cluster of activities we hope to spawn more SMMEs especially in manufacturing than we currently do.

- **CUT Enterprises Trust:** This will allow us some agility to work business-like, with less university bureaucracy retarding progress. All the innovative business-related activities will be housed in this Trust.
  
- **South African Agriculture and Mining Tooling Incubator (SAMTI):** This Section 21 Company is funded by SEDA to the tune of R10 million over the next 3 years. It is a subsidiary of the Enterprises Trust.
  
- **African Centre for Entrepreneurship:** As I said above our Centre for Entrepreneurship is one of the units that constitute the Regional Innovation Centre. But, entrepreneurship has hitherto been seen as a series of modules meant to supplement our student's programmes in other areas, not as something that all our students must be exposed to or something whose outcomes must be felt out there in the world. Just yesterday, we had serious discussions with an entrepreneur from Johannesburg who is prepared to support us to make entrepreneurship a reality, not just for our students, but for the barefoot person walking in the street there that has some innovative ideas and for the rest of Africa. So, our Centre for Entrepreneurship might soon be the Centre for African Entrepreneurship.
  
- **Public Private Partnerships (PPP):** This process involves the use of CUT's Cecilia Park land – about 50 hectares – and possible development of, amongst others: more residential accommodation around campus; student and staff convenience facilities; more facilities for the hotel school including perhaps a hotel attached to it; more facilities for incubation facilities.

- **Strategic Budget:** With innovative strategic financial management, and without asking for any new funds from our Board, we have set up a strategic fund – of quite a number of tens of millions of rands - that will be used to fund Vision 2020.

Going back to the challenge I posed on 22 February 2007, ***“doing business should be a two-way, mutually beneficial process that also benefits broader society. Far from begging! What that demands is that we engage deeply and meaningfully to understand what our passions are, what our visions are, what our objectives are, what our challenges are, what our business strategies are, and so on, and what our points or areas of converge are.”***

Ek hoop dat u nou ‘n bietjie meer begrip het rondom SUT se passies, visie, doelwitte, uitdagings en sakestrategieë. Wat oorbly vir ons is om daardie samelopingpunte met die industrie te vind, en om dit in ineenlopende areas en selfs ruimtes te omskep. Saam kan ons dit doen, solank die res van die samelewing daarby baat.

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29 April 2010

