INTRA-AFRICA TRANSNATIONAL PRIVATE EQUITY INVESTMENT IN PRIVATE HIGHER EDUCATION INSTITUTIONS: A CASE OF CONSOLIDATING TRANSNATIONAL EDUCATION

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Abstract - Intra-Africa transnational education, especially among private higher education institutions, is fragmented and virtually nonexistent. The paper aims to expose how private higher education institutions have been acquired and organized into a group of institutions for transnational education across the African continent. Drawing on evidence from the Honoris United Universities case study, the paper demonstrates how a private equity firm created a consortium of seven private institutions of higher learning across nine African countries into a transnational partnership of collectively connected institutions. The case study offers an alternative to understand systems and structures for organizing transnational education among private education institutions. The fragmentation of private higher education institutions in Africa presents a huge opportunity for consolidating and coordinating the sector into an academic formidable force. Transnational investments in educational institutions within Africa can promote intra-continental trade, transfer of knowledge and cultural exchanges.

Index Terms - Honoris United Universities, intra-Africa, private equity, private higher education institutions, transnational education

I. INTRODUCTION

Transnational education opportunities are attracting diverse industry players into the education sector(Bolton & Nie, 2010). A diverse of players are spotting and strategizing on the glaring gap in intra-Africa transnational education. Strategic positioning in the education sector is no more a confine of the national borders (Tadaki & Tremewan, 2013). The stiff competition in this sector is pushing universities to expand geographically through campuses or undertake global marketing campaigns to attract international students (Msweli, 2013). Institutions may try to grow organically but there are limitations to self-funded growth(Pasanen , 2007). A fascinating development in the higher education sector is the emergence of transnational cooperation or partnerships of institutions of higher learning across the African continent. Active partnerships of institutions of higher learning across the continent can develop and strengthen the education sector(Neale-Shutte & Fourie, 2006). Cross-border university-to-university integration is proving to be a fashionable investment strategy in the vast African education sector(Altbach & Knight, 2007). As the African education is dominated by public institutions, alliances and partnerships in transnational education have been a preserve of large and prestigious public universities at the exclusion of private higher education institutions(Ssebuwufu , et al., 2012). Private higher education providers largely remain a minority, small, fragmented and supplementary to public institutions in Africa and even some developed countries(Sawyerr, 2004; Trivellato , et al., 2016; Naidu & Derani, 2016). In some places, private institutions have been observed to be contracting as enrolments dwindle(Kwiek, 2016). Squeezed market conditions and lack of wherewithal, lead private higher education institutions to consolidate through mergers and acquisitions (Ryan, 2012). Consolidation of education institutions is not a new thing in Africa(Lane & Kinser, 2013), thoughit is only in recent times that we observe efforts to consolidate the African private higher education market and possibly create larger influential private education institutions by merging the small institutions. It would be interesting to understand the importance and organization of such developments through a case study of a transnational private equity investment in an intra-Africa transnational network of private educational institutions (Bhanji, 2012).

II. RESEARCH PROBLEM

There are few international and cross-border transnational education initiatives in Africa (Altbach & Knight, 2007). More interestingly, extant literature show weak involvement of African private higher education institutions in transnational education (Naidu & Derani, 2016). According to (Mohamedbhai, 2014) institutions of private higher education are expected to play a critical role in absorbingthe excess demand for tertiary education which cannot be handled by overwhelmed public institutions (Neale-Shutte & Fourie, 2006).The rapid growth of African private institutions of higher learning has attracted diverse actors including global private equity investors interested in transnational investment into the sector (Buckner, 2016). These investments create regional collaboration networks centrally controlled but with more shared resources (Mohamedbhai, 2014). However, these contemporary developments in intra-Africa transnational educational collaborations involving private institutions of higher

learning are yet to be accounted. It is important to capture them into the body of literature(Naidoo, 2009). Developing literature on private higher education institutions collaborations in intra-Africa transnational education particularly highlighting how the corporate actors are involved is critically important(Bhanji, 2012; Kosmutzky & Putty, 2016). It would be of interest to illuminate into this area and bring to speed such contemporary developments in developing countries(Bannier, 2016).

III. RESEARCH OBJECTIVES

The study will review literature around transnational education and participation of private higher education institutions in Africa. Drawing from a case study, the paper examine how a network of private higher education institutions acquired by a private equity firm is collaborating in intra-Africa transnational education.

IV. RESEARCH QUESTIONS

The study answers the question bordering around the importance of participation of private higher education institutions in intra-Africa transnational education and how a private equity firm controlled network of intra-Africa private higher education institutions collaborate in transnational education.

V.RESEARCH SIGNIFICANCE

The study exposes the neglect of the private higher education providers in terms of exposure to networking and collaborative opportunities that are open to public universities in Africa. Private providers of higher education are still excluded from educational platforms, research funding and engagements that are open to government controlled institutions. The study offers an option in terms of the systems and structures for transnational education involving private education providers. It is an interesting model for fostering intra-Africa integration and development (Zeleza, 2005). The involvement of private equity investors and amalgamation of the single institutions within a controlling umbrella group of universities across African countries may drive quicker development of education than loosely held partnerships or alliances that lack control.In many African countries the demand for education far outstrip capacity to supply education. With capacity constraints among public universities, private tertiary education providers will play an integral role (Garwe, 2016; Morley, et al., 2009).

VI. LITERATURE REVIEW

Transnational education refers to education in which the learners are located in a country different from the one where the awarding institution is based(Bolton & Nie, 2010). The traditional trend of transnational education in Africa is that students travelled from their home country to gain education in another country. Current transnational education brings foreign education into the local country of the student(Bannier, 2016; Wilkins, 2016).

Transnational education studies are fascinating for their ability to transfer knowledge and technology across borders. Literature accounts for most of inter-continental transnational education activities (Bordogna, 2018). In Africa, activities in transnational education have been confined to public institutions at the exclusion of private higher education institutions(Jowi, 2009). Even at the public institution level, intra-Africa exchanges are loosely held without strong ties. Intra-Africa transnational education ties are ineffectual, wherever they exist and they are almost non-existent in private higher education. This is in contravention to the growing influence of private higher education institutions in Africa(Banya, 2008; Morley, et al., 2009). With growing demand for higher education in Africa(Irungu & Kimencu, 2016), a diverse of players are exploiting this gap by building collaborative networks of private higher education institutions(Jowi, 2009)(Jowi , et al., 2013). Despite their contribution to education, private higher education institutions in Africa are considered inferior to public institutions(Mabizela, 2002).Public universities are at the forefront of transnational education exchanges. The skyrocketing enrolments for higher education and cutbacks in public higher education funding have resulted in the growth and expansion of private providers of higher education (Zeleza, 2005). While private higher education institutions contribute immensely to human development in Africa, there is a general suspicion of quality assurance issues by regulators on private providers of education such that they are always on the receiving end of compliance laws (Naidu & Derani, 2016; Jowi, 2009). Interestingly, (Zeleza, 2005)observed that even public institutions at home that become private tuition providers in foreign countries face the scornful scrutiny. Governments and education authorities are not hesitant to close any unscrupulous operators who may falsely claim international accreditation (Gupta, 2008; Jowi, et al., 2008).Private higher education institutions tend to be small and lack resources than public institutions(Sawyerr, 2004).They are also seen as demand-absorbing from the over enrolled public institutions(Oketch, 2004; Kwiek, 2016). They are only seen as complementary or supplementary to public institutions(Naidu & Derani, 2016).There is a glaring gap in intra-Africa transnational education with loosely held university-to-university relations. Transnational education within African can promote intra-continental trade and cultural exchanges. In Africa public universities receive and sending out visiting academics while they engage in global student exchange programs. Privately owned institutions of higher education are almost precluded from these

exchanges. Even membership to the prestigious Association of African Universities (AAU) is seen as a league for public institutions and only open to institutions that have a university status(Ssebuwufu , et al., 2012). Most private institutions of higher education are non-university due to regulatory requirements. Further to that their interests may not always be in line with those of public institutions. Perhaps the dominance of public institutions and the divergence of interests would discourage private higher education institutions to become members. The cost of membership and engagement in terms of travel and attendance may also be discouraging in relation to the benefits of association for profit-oriented private operators(Ssebuwufu , et al., 2012). The strategy has a potential to trap the international student market and cut out lethargic universities. The study utilizes the Honoris United Universities as a case study to understand the opportunities in intra-Africa collaborative education(Bolton & Nie, 2010). Seven institutions of higher education, technical and vocational training and distance education operating in nine Africa countries with forty-eight campuses and learning centers across thirty cities are collaboratively connected through an investment made by a private equity firm interested in education. While the partnership is still nascent, there are plans for joint accreditation of programs and academic exchanges.Transnational education can create a platform to exchange ideas and technology. Cross-border education offers transformative collaborative intelligence between institutions that can spur regional economies(Tadaki & Tremewan, 2013). However, as the back-end deals are created, the front-end intention is to build a network of institutions from different countries operating in another. Apart from piggybacking on each other, the institutions can offer joint programs(Altbach, 2004)(Morellato, 2014).Transnational education impacts both contact and distance education. The growth in transnational distance education is still fledgling. However, the rapidly growing desire for online degrees will spur border spanning distance learning technologies(Altbach, 2004; Bannier, 2016). Lower the cost of expansion/entry into the market; technology transfer; quicker time to market.As both public and private institutions are faced with financing constraints, transnational partnerships can provide access to resources that can subsidize cost and supplement the sustainability of institutions(Jacob & Gokbel, 2017).Transnational education aid to the transferability of human skills, mobility and integration of societies(Tani, 2017). It helps and facilitate migration and assimilation of people in new communities. Direct effort towards intra-Africa education integration will collectively accumulate the advantages of institutions involved while helping to unshackle and bungle colonial legacies of isolation among African countries(Rekiso, 2017). The African private higher education sector is still underdeveloped but growing exponentially(Buckner, 2016). As the dominance of state-run universities fades away and higher education legislation improves, there is activated private investment interest into the area.

VII. METHODOLOGY

Secondary data of the study was collected through literature review while the primary data was carried out through a phenomenological case study research designof the Honoris United Universities. Primary data was collected through participating in meetings and workshops, archival records, observation, netnograghy and interviews with senior management. One of the researchers was an active participant in one of the investees. The various data collection techniques corroborated, validated and triangulated each other(Yin, 2014).

VIII. THE CASE

The Honoris United Universities is a special purpose vehicle created by Actis, a private equity investment firm that is invested in seven private institutions of higher education in nine African countries. Honoris United Universities is a pan-African consortium of collaborative private higher education institutions.The consortium is made up of mature stable family-owned institutions that had overgrown their organic growth capacity. The institutions are involved in contact, distance and are currently engaged in the development of border spanning online degree programs. The consortium was founded to achieve, as a group, what one institution alone would not achieve(Tadaki & Tremewan, 2013). Through its focus on responsible and socially impactful investments, Actis started to invest in African private education in 2014 when it acquired the UniversitéCentrale Group of Tunisia. The private education institution has a track record of 15 years and enroll 5 000 students from over 20 different countries.

In 2016 they acquired UniversitéMundiapolis, a Moroccan degree offering private university with over 20 years of operating. The institute offers programs in business, law and engineering. It has 38 accredited programs and 21 international degree programs offered with international partners. The university attracts a good footprint of foreign students.Actis also invested inEcoleMarocaine des Sciences de l'Ingénieur (EMSI), a leading private engineering institution in Morocco with over 30 years of experience. The institution focuses on engineering and finance fields with 5 accredited programs. It also has 6 working partnerships with renowned French universities.The private equity firm acquired Institut Maghrebin des Sciences Economiques et de Technologie (IMSET), a pioneer private technical and vocational training institute offering 41 locally accredited programs and 8 international studies

programs in Tunisia. The college has 24 years of operating and is also exposed to 250 local and international partnerships. Actis' fifth acquisition is the Académied'Art de Carthage (AAC), a Tunisian Arts and Design vocational institute with 10 years of operating that offers continuing education. The vocational college offers diplomas and exposes students to the partnership it holds with the Cannes Film Festival in France. Mancosa and Regent Business schools are the sixth and seventh institutions acquired in 2017. These are South African private higher education providers that offer accessible, affordable and accredited distance education programs in any part of the world. They however, draw most of their students from Southern African countries where they have study centers in South Africa, Namibia, Swaziland, Botswana, Mauritius, Zambia and Zimbabwe. The consortium is positioning for and capitalizing on the fourth industrial revolution by integrating the educational institutions into a collaborative intelligence unit. The consortium fills a huge gap in the African education sector which can achieve intra-Africa geographical diversification as institutions cross-pollinate.

The group of institutions is leaping towards internationalization of private higher education in Africa. The geographical layout of the investment on the content places the Honoris United Universities on a pole position in pan-African education.Meanwhile, Actis is still looking for more private higher education institutions to acquire with the intention to create an empire of institutions with a capacity to enroll over 100 000 students.The acquired institutions are optimistic that the partnership will create tremendous benefits within Africa(Von Mollendorff, et al., 2017). The individual institutions will maintain their local accreditation of programs and are expected to generate annual growth rates of 20-25%. Actis, through the Honoris United Universities will champion growth and marketing campaigns while controlling the finance function. While the partnership is still young and most of the initiatives are at the formative stages, growth plans are to cross-offer programs in each institution. The Regent Business School has already launched a pan-African global MBA offered through distance across all the partner centers. Mancosa is exploring online education initiatives while the Tunisian and Moroccan institutions plan to piggyback their programs in health sciences, engineering, law and social sciences through partner institutions into the Southern African market. The partnership network brings Anglophone and Francophone institutions together hence language barriers are some of the issues that may limit the depth of engagement. However, the involvement of financial experts through the funding firm in the private higher education sector can bring managerial and technical insights as well as organizational control and direction.

IX. RESULTS

The Honoris United Universities brings together management teams with diverse international exposure and insights that may creatively champion the growth of the institution. Pooled resources into the partnership help to reduce uncertainty for the investing firm. At the same time it offers an expanded market potential from which each of the players could access with their programs. It increases the range of faculties, programs and courses that the combined partnership could offer. This helps private institutions to be competitive and actively participate in transnational education. As reported by (Karsten , et al., 2011) pooling resources create economies of scale and size brings influence, and prestige.The satisfaction of students may also improve from gaining qualifications that are globally recognized. The involvement of the private equity firm as a majority shareholder ensures that growth opportunities are capitalized and that there is alignment between institutions towards productive engagement.

CONCLUSION

The paper highlight that private higher education institutions can be a force to reckon if they are consolidated. Individually, they may not have the capacity to organize a collaborative network and ensure each member contributes to the success of the partnership. The presence of an organizing arm like the controlling private equity firm as in the case study enforces alignment for common goal. As demand for higher education explodes in Africa, the fragmented private higher education market presents an attractive investment area(Buckner, 2016).As noted by (Bhanji, 2012), the participation of diverse players in private education may bring positive reforms and practices.The partnership would be urged to deepen investment and transfer of technological skills that prepare students for the future for them to make a social impact into the development of the African continent.

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