

**Secondary Revenue Generating Abilities
of High Schools in Bloemfontein**

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fulfilment of the requirements for the degree of**

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DECLARATION

"I declare that the Field Study hereby submitted for the Magister in Business Administration at the UFS Business School, University of the Free State, is my own independent work and that I have not submitted this work, either as a whole or in part, for a qualification at another university or at another faculty at this university. I also cede copyright of this work to the University of the Free State".

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Date: November 2015

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“The critical ingredient is getting off your butt and doing something. It’s as simple as that. A lot of people have ideas, but there are few who decide to do something about them now. Not tomorrow. Not next week. But today. The true entrepreneur is a doer, not a dreamer.”

Nolan Bushnell, Entrepreneur

Abstract

This field study was motivated by the fact that so many under-utilised facilities are available to high schools in Bloemfontein; Facilities and staff that together with affirmative, positive leadership can make a significant difference in the school budgets by contributing through secondary revenue generating.

The lack of teacher involvement in generating secondary revenue could possibly be attributed to the fact that they do not necessarily do not want to get involved in generating secondary revenue, but are not trained in the fields of business management or entrepreneurial activities.

High schools in Bloemfontein, as can be seen in the results of the study, are heavily dependent on secondary revenue due to different allocations of government subsidies to the different schools, both urban and rural together with the decline in paid school fees per school.

The research was designed with the use of questionnaires which also included open-ended questions. This allowed the respondents to express their personal observations about how their respective establishments can possibly generate secondary revenue.

The study enabled the researcher to determine not only the need, but also possible solutions to the lack of secondary revenue generating by high schools in Bloemfontein. Possible gaps in current revenue generating activities and positive and realistic recommendations were made as to the possible revenue generating avenues available within the current framework and infrastructures of the schools interviewed in this study.

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CHAPTER 1

Background and Problem Statement

1.1 Background

Public institutions have never been under more pressure to find alternative sources of revenue to help close the resources gap resulting from lower state appropriations (Jordan, 2013, p.28). During the last two decades-state funding to higher education in South Africa has been drastically decreased. Higher education institutions are now forced to generate more revenue by increasing school fees, and also by relying more heavily on a third income stream to balance their books (UNESCO, 2009). The key resource that enables schools to acquire a wide range of possible resources is self-generated funds, the availability of which is limited to the majority of semi-funded secondary schools. The lack of financial resources makes it vital for school leaders, principals and governing bodies to not only understand the value of generating and managing secondary revenue, but to also identify additional potential revenue streams which could assist in alleviating the burden of monetary scarcity.

Unfortunately, many individuals in charge of educational facilities are equipped only with theoretical knowledge of operating and running a successful quality education establishment. They are also not equipped-to-identify potential revenue-generating avenues at their own facilities.-The individual in charge should at all times be viewed as the chief manager of a complex business organisation who then subsequently should have the skills and competences to handle matters of budgets, finances, legal requirements, and performance evaluations. If he or she is deficient in one or more of these areas (and nearly everyone is), he or she should hire competent specialists to assist (Parentleadership.com, 2015).

“A priority of the Department of Basic Education is to develop, provide and distribute adequate learning, finances and teaching materials” (Department of Basic Education, RSA, 2015).

Even in the current political and modern era of South African schooling, there are unfortunately rural schools that are still not on par with their more advanced urban counterparts. These schools rely on private/public partnerships, donations, sponsors, social responsibility initiatives of companies and internal revenue generating. According to the organisation Partners for Possibility for South Africa (2013), the key differences between schools that succeed and schools that fail are the vision, commitment and leadership skills of the principal, and the extent to which parents and other community members are involved in the schools.

CorruptionWatch (2015b) lists the most common culprits as principals, who either collude with certain members of the school governing bodies, or who take advantage of schools where such governing bodies do not have the capacity, knowledge or skills to manage school funds. Principals are able to mismanage funds alone. Where teachers have reported these activities, they have often noted that principals are dictatorial and aggressive when confronted, and often intimidate those who have questioned their authority. Internal fundraising or revenue generating is one intervention that can assist in alleviating both monetary and skills shortages at secondary schools. The current structure of secondary school management in South Africa is that of the traditional regime of morning to afternoon schooling, which leaves valuable tangible assets under-utilised for many potential revenue-generating hours per day.

Wasted possible resources, just like the above mentioned tangible assets, sees few formalised systems for separation of waste in the majority of provinces in South Africa. Isolated systems have been initiated by local municipalities and also by private initiatives. The poor coordination of general waste collection, coupled with the ignorance of revenue generating opportunities associated with recycling of materials and the lack of proper data on the topic have impeded the recycling process (RéSource, 2009).

Focus was initially placed on six secondary schools in the greater Bloemfontein area. These schools were identified with the help of the Free State Department of Education and were selected on the basis of level of government funding. Included were three semi-funded and three totally government-funded schools, both in the urban and rural areas of Bloemfontein. From each identified school, five teachers of

business and economics-related subjects were used as respondents in this research study.

In Bloemfontein there are currently 39 secondary schools registered with the Department of Education, of which only two are privately owned with no government subsidies. Even though the South African government spends 21% of its annual budget on training and education, this does not mean that schools function as financially independent businesses (Free State Provincial Government, 2013).

School Governing Bodies (SGB's) have a statutory role in secondary schools of generating additional funding, not least through the requirement to set budgets and to recommend the level of school fees. Additional resources are often overlooked in the form of human and material resources, which can generate revenue additional to that received from funders (Thurlow and Bush, 2005, p.3).

In order to see prosperous advancement in the self-generating of money by secondary schools in Bloemfontein, focus will be placed on creating practical, self-sufficient schools, and to demonstrate to and teach learners how to generate revenue with knowledge and skills obtained in not only their theoretical subjects, but also practical subjects such as consumer science, hospitality operations, hotel and catering, drama, arts and waste recycling management initiatives.

A "self-managing school" was originally defined by Caldwell and Spinks (in Thurlow and Bush, 2005, p.2) as a school "...for which there has been significant and consistent decentralisation to the school's level of authority to make decisions related to the allocation of resources".

By making use of the tangible¹ resources and linking them to the intangible², business administration leaders of the schools can add value in the form of additional funding.

¹Tangible resources include human, material and financial resources.

²Intangible resources include the image and reputation of the school.

The aim of this study, consequently, is to act as an investigation to determine what possibilities exist for secondary schools in Bloemfontein to generate secondary revenue, both internally and externally. Secondary income generating can be viewed as executive management or leaders mobilising their available institutional resources to generate additional income. The need for higher education institutions to generate their own income has become very prevalent in systems of education, which are heavily vocationalised (Maseno University, 2011).

1.2 Problem statement

The problem is that financial pressure needs to be relieved internally by schools in Bloemfontein in order for them to remain in charge of their financial stability.

For semi-funded and fully funded schools to survive in this new competitive pressure situation, they need to optimise their revenue-generating avenues. By not generating secondary income, schools will, in business terms, remain followers and will thus not attract new learners, which in itself can lead to the financial demise of the school.

Funding for training and education by government for government-subsidised secondary schools currently faces pressures due to corruption, home schooling initiatives, increased technological demands of the current school syllabus and the scarcity of financial resources, which leaves the majority of secondary schools in a financial and subsequently educational crisis. Radical interventions are necessary to remedy this situation in South Africa.

1.3 Research objectives

1.3.1 Primary research objective

The primary objective of this study is to analyse the secondary revenue-generating activities of high schools in Bloemfontein.

1.3.2 Secondary objectives

The secondary objectives of the study are to:

- a) Determine the need for secondary revenue generating abilities at secondary schools;
- b) Identify revenue generating avenues of secondary schools;
- c) Identify the willingness of high school teachers in Bloemfontein to participate in revenue-generating activities outside of normal school hours; and
- d) Determine the importance of high school principals in secondary revenue generating events or activities at their schools in Bloemfontein.

1.4 Theoretical framework

The gap between funding allocation and schools' expenses grows annually. Those responsible for maintaining and delivering acceptable and quality education in the public sector need to think more innovatively and creatively about how the school as a company or entity will be able to contribute towards minimising the shortfall of finances whilst ensuring that educational outcomes are not compromised (Brownejacobson, 2013).

Beyond charging and receiving school fees, a secondary school's involvement in generating funds should be a deliberate attempt to raise its current profile in its immediate geographical area. According to Foskett (in Anderson and Lumby, 2005, p. 45), such an attempt will then be seen as "project marketing" rather than "specific marketing" of the school, promoting not only the quality of education, but also the general financial status. This would then emphasise the point that the process of activities to generate secondary revenue may be just as important towards the successful management of a secondary school as the management of the funding principle.

Since funds received from the South African government are presently insufficient to compensate for the past backlog, schools are required to supplement them through fundraising, donations, sponsorships and school fees. According to Section 21 of the Schools Act of 1996, schools may apply for additional functions such as purchasing of learning materials, paying for services such as water and electricity and safety features, and seeing to the maintenance of the premises. Conversely, schools that do not use or apply for these additional functions are referred to as non-Section 21

schools. These schools depend on the district office for the procurement of resources, covering of the costs of repairs and maintenance and paying for services rendered to the school. In the greater Bloemfontein area just over half of the registered high schools are non-Section 21 schools (Free State Provincial Government, 2013).

In the case of Section 21 schools, the Provincial Departments of Education will deposit the allocated financial resources into the individual school's registered bank accounts and the school governing bodies are then required to spend this as prescribed by the heads of education of the provincial governments (Thurlow and Bisschoff, 2005). Therefore, the need to prepare budgets goes beyond the statutory requirement of the Schools Act, namely to prepare a budget each year for the following year for presentation to a general meeting of parents for consideration and approval (South African Government, 1996).

The South African based Centre for Development and Enterprise emphasises that schools need to monitor and control income and expenditure regularly as part of the budget process, and ensure that they are able to meet their financial obligations as and when they arise. It is well known that government on both national and provincial treasuries are looking for ways to minimise schooling expenditures (Centre for Development and Enterprise (CDE), 2013a).

Business management is seen as separate to teaching and learning at secondary schools, so it is of utmost importance that the two work in unison. This can only be successfully achieved and embraced if the ethos of income generation is to be successfully embraced within an individual school or a group of schools (Brownejacobson, 2013).

In order to understand the underlying need for secondary income generating at high schools, one should understand the allocation of national educational funds. Recurrent cost allocations are determined on the basis of need or demand. This is done according to the condition of the school and the relative degree of poverty of the school's community. The South African Department of Education's registered schools are ranked according to five categories (quintiles) ranging from the poorest 20% to the wealthiest 20%. The richest 20% of the schools receive 5% of the available resources per annum. Since 2005, the poorest 20% of the schools receive

35% of resources per annum and the remaining three categories then receive 15%, 20% and 25% of the resources respectively in the form of a predetermined average monetary value (Anderson and Lumby, 2005). In September 2013 the government's news service, SA News, reported that the Minister of Basic Education, Ms Angie Motshekga, was planning to do away with the outdated quintile system in favour of a two-category system. Motshekga said the two-category system would classify a school as either a no-fee school or a fee-paying school. Implementation of this system is not yet in place (Corruption Watch, 2015).

Low-fee private schooling in South Africa is growing rapidly. According to Ann Bernstein (in Business Day Live, 2013) the Independent School Association of Southern Africa says that there are more than 2500 independent schools in South Africa. Umalusi³, the statutory quality assurance body, says that there are about 3500 registered independent schools. No one knows the exact number of unregistered schools (Umalusi, 2013).

Meanwhile, the public school sector is shrinking. Between 2000 and 2010, the number of public schools declined by 9% while the number of known independent schools (from a much smaller base) increased by 44% (Goldstuck, 2013).

By international standards even South Africa's low-fee schools fees are expensive. Such fees range from R750 per learner per month to R1 200 and even R2 000 per month. In India, for example, "budget" private schools charge annual fees of R2 000 or less. In Kenya a chain of low-fee schools charges R360 a year. The affordability issue raises the question of government subsidies. Registered, non-profit independent schools in South Africa are the only ones that can receive a state subsidy, but not all qualify and their levels of state subsidy is determined by their fees (the higher the school fees, the less the subsidy). By rule, this subsidy is not more than 60% of the equivalent cost of government schooling, even when the parents of children are poor. Ironically, conditions for registration for receiving funds in South African provinces are governed by the province and not the government. This leads to major discrepancies in the actual allocation of funds, and signals a

³Council for Quality Assurance in General and Further Education and Training.

great concern for control issues and allocation of provincial government funding to schools in Bloemfontein (CDE Hidden assets, 2012b).

Lackney (StateUniversity.com, 2013) argues that the cost of managing school facilities have historically received much less attention than facility planning. The percentage of the operating budget for the maintenance and management of school facilities has steadily decreased, creating a capital renewal crisis as a result of years of deferred maintenance at all levels of education.

In many provinces there is a lack of capacity to implement the subsidy regulations correctly. The Free State Provincial Government (2013) is supportive of independent schools that add value to cost saving activities related to government expenditure and also recognises the need for partnerships and collaborations to improve the quality of the education system as a whole. However, efforts to make these schools accessible should be supported by public policy, including a review of subsidies and schools providing a reasonable sum of secondary income generated through business opportunities internally.

Many opportunities exist to increase the current tonnage of waste paper and products collected and recycled from South African homes (RéSource, 2009). Educational efforts need to be intensified at schools to not only promote the benefits of recycling to the environment, but also the possibilities associated with generating funds from actively participating in recycling projects.

Under the South African Schools Act (No. 84 of 1996 - RSA, 2014b) schools in South Africa are seen as tax exempt companies according to Section 12 Tax Exempt Services in the Government Income Tax Act (No. 58 of 1962 - RSA, 2014c).

According to the Organisation for Economic Co-Operation and Development (OECD, 2008) this is, however, only applicable to their educational and not recreational or secondary income sources, resulting in tax and VAT implications that management and governing bodies of the secondary schools must deal with:

“If an enterprise does not make a profit its survival requires remedial action – change the product or production process or location; pay less; or lobby for a

change in laws, regulation or taxes...” (Ann Bernstein, MD of CDE, November 2012b).

Today, businesses realise that it makes perfect business sense to invest in schools and their facilities, as education is the key to true freedom and the building of a sound society and economy (Graham, 2007, p.8). Education authorities need to recognise the importance of partnerships with teaching staff. Success in training and education generally follows where funding is shared between government and industry. This funding does not necessarily relate to funding supplied by public or government alone. In some cases this is supplemented by local and major corporate-based funding as an outcome of constructive and well-functioning public/private partnerships (CDE, 2012a).

Measuring profits is a complex yet reasonably straightforward activity. Schools, laymen would argue, should however not be making profits. A salient feature of the current poor economic participation is persistent and high levels of youth and general unemployment. This means that people are not building a career by acquiring the necessary skills, knowledge and work experience needed in entrepreneurial ventures which could assist in driving the economy forward. It is also difficult for young South Africans to secure business opportunities to develop their own businesses (Department of Trade and Industry, 2014).

Even though many corporate companies donate and contribute to secondary revenue of high schools in Bloemfontein and South Africa in general, the possibility of non-financial contributions by corporate companies and successful entrepreneurs in the concept of “teach a man how to fish...” could possibly be a more viable long-term answer and contribution in the form of future secondary revenue-generating abilities of high schools.

According to the South African based National Development Agency (2013), public education and awareness campaigns on income generation abilities and initiatives; and their direct impact on poverty eradication in South Africa do not carry as heavy a weight as it should. In general there does not appear to be a comprehensive financial improvement or communication plan for creating a stronger awareness of available and executable income generating programmes to appropriate target groups, schools and less state funded areas.

South African schools in general lag far behind in strengthening their revenue-generating abilities by making better use of facilities and onandoff site vocational training with the help of a professional business associate(Partners for Possibility for South Africa, 2013).With laws such as the Children's Act(No. 38 of 2005 - RSA, 2014a), protecting children from child labour and the generating of funds from labour employed from children becomes difficult. The South African Schools Act (No. 84 of 1996) further prohibits government-employed teachers from earning a secondary income from teaching in their private time. These two pieces of legislation form a barrier to schools generating secondary revenue from learners and teachers (RSA Government Gazette, 2008).

Parents not serving on school governing bodies are often unaware of the financial predicaments that governing bodies struggle with and are oblivious to the need for secondary revenue generating abilities and future revenue generating capabilities of schools in general(Van Wyk, 2007). These struggles can easily be communicated at parent/teacher evenings.--Learners and parents alike also do not consider future monetary savings which could possibly be recouped by, for example, recycling initiatives. Proper waste recycling management systems could lead to a considerable boost of secondary revenue generating at schools, if implemented and managed correctly.

Teachers at private schools generally earn more than government employed teachers. This leads to a major outflow of experienced and skilled teachers from the public, to the private sector. Private school teachers also do not have to deal with financial restrictions that public schools generally face (CDE, 2012a).

Secondary revenue can be generated by capable teachers, but because they don't usually receive compensation for such functions, they are seldom willing to take on additional responsibility without a proper reward structure in place. Paying teachers for performance could be a potential advantage and is generally more cost-effective than reducing their workload or decreasing the size of their classes (CDE, 2012a).

Teachers are generally required to work additional hours to generate income with extramural activities and fundraising with general teaching duties undermining teaching more seriously (Bebbington, Hickley&Mitlin,2008, p.132).

The National Center for Restructuring Education, Schools, and Teaching (NCREST, 2014) comprehensively assess what kinds of high school resources are available to high school students, and also which of these are under-utilized. It is of vital importance to communicate with students, staff and faculty members at such schools to learn about what resources they currently use and which they would like to use in future.

Most initiatives undertaken by public/private partnerships and social responsibility have focussed almost exclusively on how secondary schools can be assisted by government, without equal attention being given to how they themselves can improve their financial situations (CDE, 2013a). Schools must therefore look at initiatives which are not only executable and practically viable, but also sustainable. This research will also question the willingness of principals and teachers to drive profit-making initiatives from a business and not an educational perspective.

1.5 Research methodology

The research followed a qualitative methodology. Data was collected by means of standardised questionnaires, which in this study also acted as a control instrument for result measurements. As was pointed out above, selected high school principals and teachers of both semi-funded and totally-funded government secondary schools acted as respondents. The researcher has been in contact with various respondents in Bloemfontein to establish their willingness to participate in the research.

Another focus of the research is to not only understand and interpret the financial problems and willingness of respondents to contribute to the financial success of their respective institutions, but also to describe, predict and explain possibilities of growth, hindrance and possible successes that high schools in Bloemfontein may attain from using the findings of this study.

Non-probability purposive sampling was used for the research design.

For the purpose of standardisation in this research, five high school teachers (principals included) per school were included for a more unbiased view of the operations and revenue-generating possibilities. Only teachers with more than one

year's-high school teaching experience-were allowed to participate in the research, stretching over a period of one month.-It should be made clear that it was not the intent of this study to interview all 39 high schools in Bloemfontein, but rather to quantify the opinion of selected key role players-in selected schools and their school leaders or management.

1.5.1 Data collection strategies

The data needed for this study was largely primary in nature and included a communicative approach to establish the opportunities and hampering factors of a selection of high schools. Stratified purposive sampling combined with convenience sampling-formed the basis for data collection in this study. Sampling was-sensitive to the group selected in order to ensure that the results obtained would be authentic and relevant.

1.5.1.1 Data collection techniques

Structured questionnaires

To engage participation, a standard comprehensive questionnaire was emailed to the respondents.

A coding scheme was researched prior to sending out the-questionnaires to facilitate the evaluation of collected data into measurable formats and conclusions. Cross-sectional surveys were done to measure the willingness, experiences and attitudes of secondary schools (principals and teachers) as individual respondents to contribute to the overall financial success of their institution.

1.5.2 Ethical considerations

In order to promote the objectives of this research project, this study conformed to related ethical⁴ norms. It relied heavily on the participation and cooperation of the eighteen-respondents-from different high schools in Bloemfontein.

As noted by Mertens and Ginsberg (2009),Patton's checklist of questions for conducting an ethical research project is a solid basis for the initial approach when research respondents will be informed-of the goals, methodologies, risks (if any) and structure of ethical considerations of the study.

The following ethical considerations and standards were abided by in this study:

a) Honesty

The researcher strived for honesty in all scientific and financial communication. Data was reported honestly: results, procedures, methods and publication were documented and reported true to their origin and sources.

b) Objectivity

There was-a concerted effort to exclude bias from experimental designs, concepts, interpretation, peer review or testimonies of answers or results obtained during the research. Researched schools were referred to by A, B,C, D, E and F.

c) Openness

Research results will be shared with all participating school principals and governing bodies-on completion.

d) Social responsibility

The researcher strived to promote social responsibility and to prevent-and mitigate social harm.

e) Informed consent

A detailed description of the purpose of the study was given to all respondents in the research project and they were asked to sign consent forms on the cover of the

⁴The term 'ethics' derives from the Greek word ETHOS which means character.

questionnaire, indicating their decision to participate. These forms confirmed that their anonymity was guaranteed and their identities would not be revealed to sources other than the researcher, moderator, study leader and statistician involved in the capturing, evaluating, formulating and presentation of the research findings. No individual school's data, figures, revenue-generating avenues or financial structures were made available to other schools in the study. These were only mentioned by numbers and figures in the completed document.

1.6 Risk

Potential risks that this study could encounter:

- a) Non-contribution by respondents. This study relies on three qualified respondents per school. Non-contribution of the chosen respondents could affect the reliability of the study.
- b) There is a dependency on the accuracy of the prediction of the researcher in terms of revenue-generating abilities in general, with regards to operational implementation restrictions of high schools in Bloemfontein.
- c) There are no financial risks related to the accuracy of the study and no financial contributions need to be made towards the execution of this research project.
- d) With regards to facilities and equipment risks, this study is safe as all research was based on past financial figures and future predictions in terms of the implementation and practicality of research findings (Australian National University, 2013).

1.7 Demarcation of the research

The scope of this study was focussed on how selected high schools in Bloemfontein currently produce secondary revenue. Sample sizes were kept relatively small.

Tariffs and payments of the Bloemfontein-based recycling company Rat Race Waste (specialists in recycling paper, glass and plastic) were used to verify estimations as a baseline to determine the value on projects related to recycling. Estimations obtained were indicated in estimates that could possibly be reached following successful implementation of the findings of this research project.

A financial analysis formed the basis of the results and interpretations of the findings of the study and also included the incorporation of human resources.

1.8 Interpretation of collected data

Group-to-group validations were done and compared in sections of importance and assisted by triangulation. Findings were compared to increase the validity of the obtained data. Deliberately seeking evidence from all resources and data collection tools used in the study strengthened the findings, issues revealed and suggestions made.

1.9 Conclusion

Decisions about the productive areas, which will hopefully generate sufficient income towards creating self-sufficient high schools in Bloemfontein, are to be based on meeting the needs of the market, identifying profit-making opportunities, environmentally-friendly operations, and qualification levels of principals and others involved in the management of a project or secondary school and value-added areas.

The following chapters deal with explaining and discussing the relevant current secondary revenue-generating avenues used by high schools in Bloemfontein, possible revenue stream identification from research and the important role of principles in managing revenue streams of secondary schools. It is hoped that by gathering sufficient knowledge on the matters and by consulting with competent entrepreneurs, secondary revenue-generating might become a stronger revenue tool in the future annual financial budgets of high schools on Bloemfontein.

CHAPTER 2

Literature review

2.1 Introduction

This chapter focuses on the importance of secondary revenue generating at high schools, the importance of effectively managing schools, the benefits of entrepreneurial activities at schools, identification of new possibilities of revenue generating, and the barriers associated with new ventures at secondary schools. The review of the literature is aimed at contributing towards a better understanding of the problems identified in Chapter 1 and should serve to provide a broad overview of research appropriate to the topic.

2.2 The importance of generating secondary revenue at high schools

A high school is an organisation with many complex driving forces and issues that operate within a unique context – a specific situation which a school will find itself in as it struggles to carry out its core function of delivering quality education (Marishane, Botha and Du Plessis, 2011, p.53).

Karen Miles and Stephen Frank (2008) claim that most school leaders who enter the field of education as a profession do so because they have a dream of touching their learners' lives. They have a passion for teaching - not for creating budgets or strategic plans.

Although education as principle, and specifically the quality of education, should remain the main focus at high schools in South Africa, it becomes more difficult to supply subsidised schools with the necessary funding required to operate at optimum levels (Campher, Du Preez, Grobler, Loock and Shaba, 2003, p. 60). It has become a main focal point of many school governing bodies' agendas to quantify and identify secondary revenue generating avenues by making use of existing structures and resources.

Described in Chapter 4, subsection 36 1 (A) of the South African Schools Act (No. 84 of 1996), a governing body of a public school must take all reasonable measures

within its means to supplement the resources supplied by government in order to improve the quality of education provided by the school to all learners at the school. It is therefore crucial that school governing bodies act in association with available resources like school principals, teachers, learners and parents to comply with their mandates of supplementing school revenue to meet budget needs.

Another factor is that teachers are not really keen on performing tasks outside of their normal working hours (07H00 – 14h00). According to chapter 4, section 38A (1) of the Schools Act (No. 84 of 1996), school governing bodies may not pay or give a state employee any remuneration for their efforts, any financial benefit or even benefit in kind for assisting in generating secondary revenue for the school.

The current national curriculum in South Africa is a culmination of 17 years of effort to achieve transformation. According to the Department of Social Development, government is aiming for a 100% “no-school fee” which is starting to show effect (South African Government, 2015). The percentage of learners who reported that they paid no tuition fees increased from 0,8% in 2002 to 56,8% in 2012. This shows the importance of schools having to generate secondary revenue. There is a distinct difference of funding allocation to existing versus newly developed, and poor versus rich schools in South Africa. Equity in education expenditure in South Africa, between and within provinces, is currently achieved through the equitable division of national revenue between provinces and regions. Government makes use of the Equitable Shares Formula, the National Norms and Standards for School Funding, and the national post-provisioning norms. These mentioned norms are pre-determined by government and the Minister of Education, and seems to be progressive, with 60% of a province’s non-personnel expenditure going to the poorest 40% of learners in public schools. The poorest 20% of learners receive 35% of non-personnel resources, while the richest 20% receive 5%.

The practice of schools to make use of revenue generating activities in order to supplement curriculum costs is not a new phenomenon. This can be in the form of once-off annual events, sustainable projects like recycling initiatives, and even selling tickets to sporting events and concerts (Russo and Osborne, 2012, p.293). However, the United Nations Educational, Scientific and Cultural Organisation, cautions that in some countries governments set severe restrictions on the volume of

funds that may be raised by schools, even though they, as governments, are unable to provide for basic needs at schools (UNESCO, 2014).

Every year school budgets are under tremendous pressure, and regardless of whether they are successfully maintained and implemented, schools are unlikely to rely wholly on government support and funding in order to reach their goals and objectives, or to achieve their growth plans – either in the short or long term (Browne-jacobson, 2013.)

The 2015 budget speech by then Minister Nhlanhla Nene shows a major increase in allocations to basic education, but not a radical improvement of allocations to secondary or tertiary educational institutions (Parliament Budget Speech, 2015). With a worrying year end (2014), the national inflation figure of 5,8% in December 2014 (Statistics SA, 2015), and the already mentioned lack of funds at schools, proper financial planning, budgeting and implementation of funds need to be enhanced from provincial levels all the way to individual schools.

Carlee Poston Escue (in Russo and Osborne, 2012 p.43), a professor of education at the University of Cincinnati, is of the view that different schools in different districts will need varying allocations of funds to achieve an adequate education standard. As mentioned in Chapter one of this study, different financial contributions are made by the government to different schools in South Africa, depending on the level of contribution by paying school fees. This complicates financial management by the relevant authorities.

In a study by Xaba (2011), research proved that at provincial department level, special units have been established to deal with school governance and support at different districts and levels in South Africa. These units are supportive by nature in terms of management, financial spending and governance support.

According to UNESCO (2014) it is important for schools to operate effectively. In order to do so they need funds. In most countries in Africa, education in schools is funded by the government, but in some African countries, schools are heavily dependent on funds obtained from alternative revenue generating sources. Parents want their children trained to international standards, and contributions made by

government towards the effective management of schools are not always enough to ensure such standards of training.

In order to successfully manage schools, school leaders need to link school budgets and resources with good dreams – more likely, these leaders have nightmares gathering and managing funds on a daily basis (Miles and Frank, 2008, p.196).

2.3 Importance of effectively managing school finances

Professor Nico Botha (Unisa, 2011)–poses the question: “What is successful school leadership and what are the manifestations of this kind of leadership distinguishing it from other types of leaderships?” In order to approach this question, one should understand the fundamentals of leadership on the one hand and the application of the principle in the other.

Leithwood and Riehl (2003) report that there are six successful leadership attributes that can be supported by empirical evidence:

- a) Successful school leadership makes important contributions to the improvement of learner performance;
- b) Teachers and principals are seen as the primary sources associated with successful school leadership;
- c) The community and the entire school need to be involved in successful leadership;
- d) Leaders act in ways that show the accountability-oriented policy context in which all those working at the school operates;
- e) In all contexts a set of basic leadership practices can be viewed as valuable; and
- f) Leaders who are successful in schools all serve a very diverse population of learners whilst demonstrating practices that promote the quality of schooling, social justice and equity alike.

School principals and leaders responsible for managing secondary schools constantly have to identify different and creative methods to make learners, teachers, parents and the community part of ongoing fund-raising activities

(Campher—*et al*, p.60). UNESCO (2014) states that “Nothing ventured, nothing gained” should be the motto of all school heads. The fact that all schools are relatively short on disposable finances should be a driving force for all school principals to be involved in revenue generating activities at their schools.

The importance of the financial head, school principal or school governing body⁵in generating secondary revenue has been cited in several studies dealing with school transformation. School principals must deal with a great level of job complexity and decentralisation of their ever expanding roles (Marishane, Botha and Du Plessis, 2011).

According to Nicholas Spaul from the University of South Africa (UNISA, 2012), resources of high schools in particular are mediated by individual provinces and more so by individual South African schools – both of which vary widely in their ability to manage financial and human resources. A need can clearly be identified where there is a crucial need to promote more effective and better accountability between the Department of Education, the leaders of the establishment, the schools and parents.

The mismanagement of funds by a principal (both as a main income stream school fees and secondary generated funds), can lead to, amongst other things, a scarcity or shortage of critical resources (books, equipment and teacher salaries). This often results in unsatisfactory academic performance in secondary and high school education, as well as poor performance by teachers in general.

In his study on the evaluation of school principals in Lesotho, Motsamai (2009) also concluded that most high school and secondary principals are not qualified or well equipped to carry out or implement successful financial management of schools. The level of qualifications of school principals in the research pool will be assessed in Chapter 4 of this study in order to establish their experience, not only as teachers, but as managers of schools and its associated revenue generating avenues. The lenient requirements are that a school principal should have at least eleven years of teaching experience and a minimum of a bachelor's degree.

⁵ According to Section 37 of the South African Schools Act (No. 84 of 1996 - RSA, 1996), the school governing body of a public school in South Africa is responsible for the establishment and complete administration of a school's finances.

Until recently there has been no compelling argument that concludes or prescribes that school principals should have entrepreneurial attributes or entrepreneurial leadership skills (Davies, 2009, p. 147). One of the reasons cited by Hentschke (in Davies and Brundrett, 2010) is that school systems in the majority of developed countries are more in favour of school leaders possessing traits of procedural compliance, faithful stewardship of public resources and inclusiveness over entrepreneurial attributes. Hentschke also notes that educational leaders have not previously occupied positions that might have fostered such entrepreneurial skills.

According to the Uganda Ministry of Education and Sport (2013), head teachers or principals are normally promoted to a position carrying financial responsibility because of their many years of teaching service. This does not mean that they are experienced managers, and constant training must be done before they are able to effectively manage a school's finances.

According to the South African Schools Act (No. 84 of 1996 - RSA, 1996) school governing bodies have a major role to play in that they have to supplement funds budgeted for and supplied by the education department of the province by setting, collecting and administering school fees, as well as managing all other fund-raising efforts. It is sad however, that many members of such governing bodies either have little or even no knowledge of the Schools Act, or even abuse their position to take over the professional leadership roles of a principal (Van Wyk, 2007). This leads to them simply ignoring or incorrectly interpreting the act which could result in schools experiencing severe financial mismanagement (Xaba, 2011).

The Public Finance Management Act (No. 1 of 1999) as amended by Act 29 of 1999 (RSA, 2015a) as a standalone act, has no bearing on schools, but prescriptions from the act are used by the Department of Basic Education to advise schools on how to successfully use state allocated funds in the running of the school. These prescriptions are specific to all revenue, assets and liabilities, as well as expenditure managed by schools (Corruptionwatch, 2015a). Circulars and policies by provincial departments of education stipulate how funds should be spent. These include prescriptions on repairs and maintenance, supporting teaching materials, water and

electricity, and additional salaries. Many of these circulars also include practical ways of eliminating fraud in the administration of funds.

2.4 Benefits of schools generating secondary income

According to Eric Hanushek, an economist at the Hoover Institution (in *The Washington Post*, 2015), there is little correlation between how much schools spend and the results delivered by the learners. He argues that it is not about the amount spent, but rather about how the money is spent by the schools. In other studies, however, it has been found that schools that have more money are able to give learners a better education. Karibo Jackson and Claudia Persico of the Northwestern University (2015) in the USA and Rucker Johnson of the University California, found that benefits were mostly gained by poorer areas and schools that generated additional revenue and re-invested the money into the schools. They found that a 10% increase in the money that was available for schooling learners from poorer areas resulted in them earning 9.5% more as adults – a clear benefit to learners over the long run.

Published in the *Washington Post* (2015), combined conclusions between the above authors found that increased funding or secondary revenue, once re-invested in the schools through the increase of teacher salaries, reduction in class sizes or lengthening the school year, yielded the greatest results.

Public schooling enterprises in the modern day require entrepreneurial talents and skills. According to Davies (2009) a possible explanation for this could be the fact that schools are run more like businesses and are not only seen as educational institutions.

Youth entrepreneurship can provide an additional way of integrating youth into the challenging job market which awaits them upon the completion of their schooling (World Bank, 2008).

The experience of young learners and students participating and being involved in revenue generating activities at school level will remain invaluable to them. Russo and Osborne (2005, p. 294) found that the process of fundraising will teach valuable

lessons for life such as dealing with customers, hard work, and the importance of proper financial control. The participation in fundraising teaches learners from an early age to be involved in group work, and improves their overall life skills.

Many advocates of entrepreneurial education are of the opinion that it definitely provides learners and students with the necessary tools to identify entrepreneurial opportunities and develop successful business models in the future (Entrepreneur.com, 2015). For example—involving learners in waste reduction and recycling programs (RecycleWorks, 2015) will teach children and young adults how solid waste affects not only the environment around them, but their lives too.

By using recycling as a secondary revenue generating avenue, schools could benefit both from an economic and environmental perspective, reducing waste, reusing and recycling and protecting the environment (United States Environmental Protection Agency, 2014). Schools that actively engage—learners—and not just staff in entrepreneurial activities, ensure benefits not only to the learner, but to the school as well. This can have a positive impact on learners at all levels and in a wide number of contexts.—The National Content Standards for Entrepreneurship Education (2014) cites some of the following as advantages to the learners when exposed to such entrepreneurial activities:

- a) Learners will demonstrate an understanding of business start-up and maintaining longevity;
- b) At an early age they will be able to identify with success and failure of operations;
- c) Learners will be able to use a business plan and identify revenue generating avenues; and
- d) Learners will demonstrate a change in self-worth, self-awareness, self-management and personal responsibility, teamwork, problem solving, motivation and also creativity.

Based on data and what schools have shared first hand, a recent study by the United Kingdom's Department of Education(2013)found that—too much inefficiency and waste still exists in the education spending sector (as a percentage of allocated educational budgets). Many of the schools inspected showed poor value performance for allocated funds entrusted to them. In such schools, learner outcomes were

negatively impacted and affected, and government allocated funds were spent inefficiently. Curbing such misappropriation of funds could become a financial benefit to the school and learners, as these funds could possibly be better allocated to financially constrained areas.

When profit centres are managed well, they can assist in reducing pressure on other more relied upon sources of revenue such as tuition and fee income. If a school's facilities like sports fields, computer laboratories and lecture rooms are attractive to and needed by other individuals or organisations, rental income that can be derived from hiring out the venues can become a stable revenue source in tough economic times (Little Fort and Associates, 2015).

2.5 Income generating techniques used by schools

School fundraisers and secondary revenue generating avenues need a sophisticated understanding of the many regimes of financial and other measures of accountability for non-statutory funds, including the obligations as well as the benefits of charitable status (United Kingdom, 2004).

Many different schools in a variety of districts in the USA (Greatschools, 2015) experience hefty budget shortfalls and layoffs. Teachers, parents, learners and students are looking at more lucrative entrepreneurial alternatives to traditional bazaar bake sales.

Curro Holdings (2015), the founders of the Curro private schools in South Africa, have used the open market by listing on the JSE and selling shares to grow their organisation. The process of generating revenue in streams other than a main income (school fees) has allowed them to grow quicker and on a more constant basis than South African government subsidised schools.

According to American tax laws which are still applicable to date, every tax payer contributes a portion of property tax that is allocated to the schools in the specific district. Such schools use the short window of time between the collection of property tax revenue and its expenditure to invest the money in savings accounts, money market accounts and fixed term deposits (Monk and Brent, 1997). In many South African schools, alumni often contribute with generosity (Steinman, 2005). This can be seen in wealthier schools like Grey College Bloemfontein and

Potchefstroom Gymnasium where elite alumni have formed clubs (Club 500 at Potchefstroom Gymnasium) that source funds and donations to re-invest in sports development and to provide sport bursaries to deserving learners. Social sponsorship clubs can, however, negatively affect the schools when learners are “poached” to improve the social image of the school.

Zimmer, Krop, Kaganoff, Ross and Brewer (2001) claim that private fundraising activities are much easier to see through in wealthier areas. This is due to the fact that it attracts private resources easier than in poorer areas. Schools in lower and middle income areas attract at least as much in-kind support as the wealthier schools. In their research they found that fund-raising and sponsorships amounted to no more than 5% of a school's annual budget. The sustainability of private contributions, according to the above writers, should also be questioned as the majority of such revenue is given due to association of a learner who will one day graduate and leave the school.

According to Paul Burns (2014, p.5) an entrepreneur is defined by the willingness to act upon an idea. An entrepreneur creates and/or exploits change for the possibility of making profit by innovation, moving risk and accepting risk, all in the hope of making a profit.

Schools are constantly looking for new ideas to generate revenue and alleviate the pressure generally expected from working within a limited budget. Over a longer period, they will develop the need to function more with internally generated funds than having to rely on government subsidies alone (nabuur.com, 2015). In his research study for Tufts University in Massachusetts (2005), Jason Steinman found that many schools have developed enterprise activities which they charge for. This includes but is not limited to the following:

- a) Charging learner drivers for driver education programs;
- b) Swimming lessons using the school swimming facilities;
- c) Sports ground rental in the evenings and over weekends;
- d) Use of school hostels and catering facilities;
- e) Collecting revenue from advertising on school property or in school newspapers;
- f) Selling concessions for services such as student photos;

- g) Partnerships with non-profit organisations in exchange for services; and
- h) Leasing complete sections of the school to nursery schools or other external companies.

The Madeira School Planning Commission of Portugal (2013) lists the possibility of leasing out the following as guaranteed revenue streams in their schools:

- a) Classrooms;
- b) Libraries/media centres;
- c) Computer labs;
- d) Cafeterias with professional kitchens;
- e) Auditoriums;
- f) Music rooms;
- g) Gyms;
- h) Multi-purpose spaces; and
- i) Sports fields.

According to Stephen Morales (in Brown Jacobson, 2013), "sweating of assets" or the commercialisation of school facilities does not sit very comfortable with everyone in the education sector. It brings along its own set of managerial worries and risks and should be carefully considered. Miles and Frank(2008, p. 2) make it clear that the primary resource in schools is people (teachers) and that any significant change in the use of school resources means that both teachers and learners will be influenced. Changing any structure in the resources of a school will take courage and priorities need to be shifted into deciding what is more important whilst not affecting the structure of the available resources.

Another form of generating revenue is sponsorships. This unfortunately is not sustainable over the long run. Schools often manage to attract sponsorships from corporate companies or local businesses for sporting events, clothing, minibuses, computer equipment, community events and even prize giving events. Although sponsorships might not be in the form of money, this form of additional income allows schools access to additional and valuable assets they would not have possessed prior to the sponsorship. Scholarly documents conclude that nearly every principal emphasises the need for personal contact and relationship building in order to raise funds (United Kingdom, 2004).

Contrary to the situation in South Africa, property taxation and school funding in the United States of America are closely linked. There-nearly half of all annual property tax revenue is allocated by government for the use of public elementary and secondary education funding. According to the Lincoln Institute of Land Policy (2007), property tax charged and allocated to schools for annual budgets in America is a critical financial contributor to the effective financial well-being and management of schools.-School funding, however,-is no less controversial, with-nearly every state in the USA having dealt with school funding litigation and court mandates at least once over the last several decades.

2.6 Identifying possible revenue generating avenues

According to Henke (2009, p. 147) to be or to act like an entrepreneur is to see a potential or existing problem along with an executable and compelling solution or business idea, that can be remedied by creating or growing a business. According to UNESCO (2014), there is always a danger of trying to undertake too many profit generating projects at the same time at a school. Management needs to identify and prioritise between regular fees and/or contributions required by parents, and voluntary collections for fundraising activities.

The “eureka moment” with the birth of a new business concept or idea seldom happens by chance. It must be researched, tested, encouraged and kept alive (Burns, 2014, p.43). School governing bodies, principals, teachers and parents involved in fundraising activities should be able to match ideas to their resources in order to remain on track with the project vision and mission. All good business ideas are based upon commercial opportunities that are underpinned by market need and demands(Burns, 2014, p. 52).

According to Harvard Entrepreneurship (2014),entrepreneurs make ten common mistakes when starting up their business dreams, goals or entrepreneurial ideas, namely:

- a) There is seldom a written business plan in place;
- b) They do not obtain finances prior to commencing operations ;
- c) Business opportunities in the chosen field are limited;

- d) They are unable to execute the dream;
- e) There is too much competition in the chosen market;
- f) There is a shortage of intellectual property associated with the venture;
- g) There is a lack of experience in the entrepreneurial team ;
- h) Resource requirements are under-estimated;
- i) Marketing research and exposure normally is not done on a big enough scale,
and
- j) Entrepreneurs that struggle give up too soon.

The United States Environmental Protection Agency (2013) has done thorough research on waste reduction and recycling processes that have successfully been implemented at a number of USA schools. Students or local community members can establish once-off or more regular drives to collect reusable and recyclable items. These items could include clothing, computers, glass, plastic, batteries and books or newspapers.

The following are suggested recycling initiatives according to the United States Environmental Protection Agency (2013):

- a) In order to have a successful continuous recycling program at a school, the school will need collection bins and storage space for the reusable or recyclable materials which can be collected from the school by a designated hauler on scheduled dates.
- b) Establishing a stationary or mobile collection centre at schools is easier than random street corner bins, because schools often serve as a focal point for local residents and is an ideal spot for drop-off and collection of waste products. Such stationary or mobile units should be placed strategically in order to provide ease of access for those wishing to make their contributions.
- c) Schools can team up with a sponsor for waste reduction programs. This is made easier by the fact that many corporate or government organisations sometimes sponsor reuse or recycling drives or even make financial contributions towards the establishment of a waste reduction program.
- d) A new waste disposal or recycling system can be registered for a credit account with a local recycling centre. This then enables the school to benefit

from all contributions made at the centre when mention is made of the account.

Brown (2014) breaks down the steps of discovering a need into six steps that can be easily followed by those in charge of identifying opportunities that exist in their midst:

- a) A necessity should exist for invention of a business idea, i.e. a budget shortage;
- b) Opportunities are literally everywhere;
- c) School governing bodies, teacher/parent associations and even learners could spot potential revenue generating ideas;
- d) Think carefully;
- e) Remain positive and listen to the ideas on the table; and
- f) Make a decent study of all competition in the chosen field.

Campher-*et al* (2003, p.68) stipulate that in order to get started, a policy should be developed by motivating the need for generating secondary funds. This should be submitted for approval by the school governing body. All legal aspects, proposed risks and advantages should be identified. It is crucial at this stage to align the school's vision and mission statements⁶ to accommodate the fundraising policy. The vision⁷ of the school might be amended to establish a sense of community involvement and participation of learners, parents, teachers and industry leaders. The vision statement of the school must constantly be revisited to ensure that it includes the intent of the school to implement fundraising and community involvement.

⁶A mission statement is a written declaration of an organisation's core purpose and focus that normally remains unchanged over time. Properly crafted mission statements (1) serve as filters to separate what is important from what is not (2), clearly state which markets will be served and how, and (3) communicate a sense of intended direction to the entire organisation (businessdirectory.com, 2015).

⁷An inspirational description of what an organisation would like to achieve or accomplish in the mid-term or long-term future. It is intended to serve as a clear guide for choosing current and future courses of action (businessdirectory.com, 2015).

An additional add-on revenue generating avenue for many schools across the USA and UK involves school recycling and waste production programs, according to San Motea County Company, RecycleWorks (2015).

In order to plan and start a successful recycling program in any school, RecycleWorks(2015)proposes a five step process involving the following:

- a) Obtain formal authorisation from the school governing body or district's operation and maintenance staff. Point out to the authorities how the planned program can reduce costs for schools and become a revenue centre – all by voluntary contributions from scholars, teachers and the local community.
- b) Appoint a coordinator for recycling. This could be a teacher, local club or additional person not contracted by the school.
- c) A formal waste audit needs to be conducted in collaboration with a registered waste recycling company. This will point out what materials can be recycled in the area, i.e. computer parts, discarded ink cartridges, paper, glass and plastic.
- d) Ensure that a formal recycling team is appointed and that there is a specific goal and a set of obtainable objectives.

2.6.1 Identification of business resources

In order to set goals and have a business or revenue generating strategy, careful consideration must be given not only to the availability of resources, but also to the reliability, sustainability, functionality and effectiveness of the resources. Campher-*et al* (2003, p. 72) list resources as:

- a) Starting capital;
- b) Available infrastructure;
- c) Learners/students;
- d) Educators/teachers;
- e) Parental involvement;
- f) Community; and
- g) Broader community (businesses).

The above needs to be understood within the broader idea of generating sustainable revenue avenues, a continuous involvement and commitment by all parties involved. Learners and teachers should know that the results will have a direct physical effect on their work and learning with the procurement of more equipment and better quality education.

According to Van Wyk and Lemmer (2009,p. 36) ,it is essential that parents are kept informed in order to better communicate and involve parents in specific projects and also better satisfy the needs of the parent population. Many parents possess the necessary skills and knowledge to ensure that the entrepreneurial goals and activities are met successfully.

Campher *et al*(2003, p. 73) also stipulate that teachers are the most valuable resource a school can have in terms of secondary money generating. They are the only resource that has fulltime commitment to the institution. It is important to note that not all teachers are equally dedicated and committed, and selecting the educators to be involved and delegating the tasks at hand should be done according to each educator's capacity and field of speciality. The involvement of the community is invaluable and should deserve great attention.

Miles and Frank (2008)are of the opinion that the most valuable resources found at a school are: teachers, learners and money.–They also make special note in their research that new resources do not necessarily have to be identified in order to reach goals, but that the re-allocation of resources, time and money could be a possible solution to many budgetary constraints.

The below figure (figure 2.1), as illustrated by Burns (2014, p. 53), illustrates the process of taking a fair amount of time to think, re-think and incubate ideas on revenue generating. Burns cautions that one should take enough time to follow through all the steps in the process and that an element of serendipity exists here – the more time taken to research and ponder the connections, the more likely the business ideas will begin to germinate.

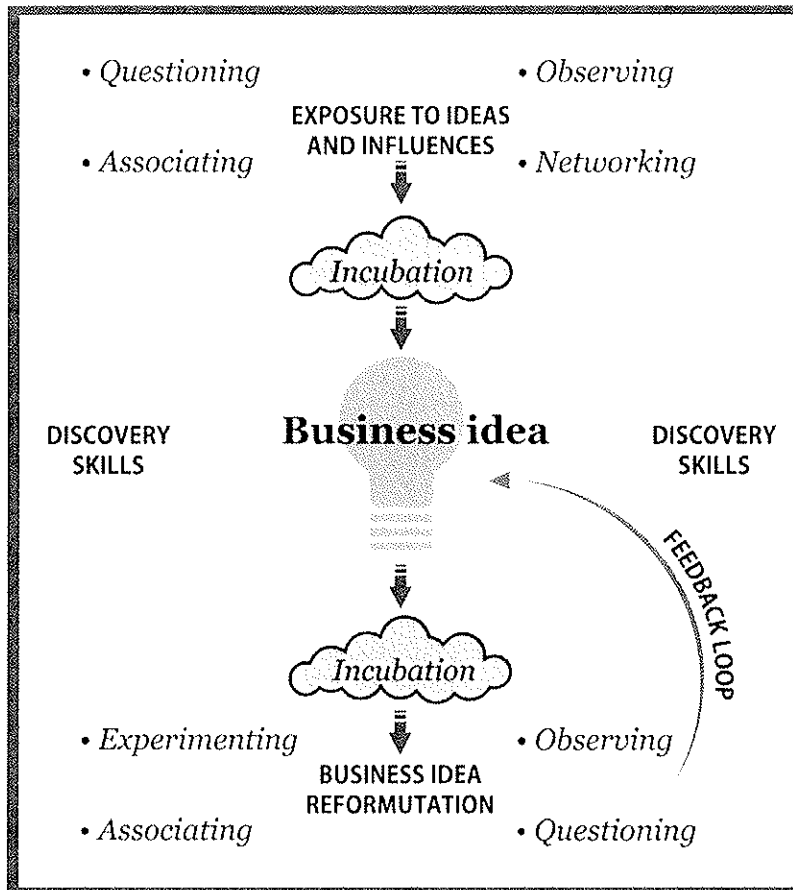


Figure 2.1: Discovery skills

Source: Burns, 2014, p.53

2.7 Barriers associated with new ventures at schools

According to MaRSLibraries(2013), barriers to entry are factors that prevent a start-up from entering a particular market. Such barriers comprise one of five main forces that determine the intensity of competition in an industry (the others are industry rivalry, the bargaining power of buyers, the bargaining power of suppliers and the threat of substitutes). Strong barriers to entry are a benefit for existing companies already operating in an industry because they protect an established company's revenues and profits from being whittled away by new competitors.

When involving learners in entrepreneurial activities, or if the activity is created and executed by the learners themselves, a lack of adequate start-up capital is a dilemma. It is particularly difficult for young people or businesses just starting out to

obtain capital-financing due to their lack of security, lack of credibility and lack of experience (World Bank, 2008).

According to the European Commission's(2012)research on entrepreneurial activities in Europe, many small businesses and youth face a number of barriers that might prevent them from turning their ideas into action plans. Amongst others, the EU lists a lack of skills, social skills, and inadequate entrepreneurship education, under capitalisation, lack of networks and lack of proper planning as some of the most common-entry barriers for entrepreneurs.

A good idea on its own is not enough to start a new venture (Burns, 2014, p. 8). Burns claims that barriers can be psychological or situational and may include the fear of risk, fear of failure, lack of finances and even a lack of support from family, friends or colleagues.

A typical barrier with school revenue generating events is a lack of dedication, commitment and support from teachers, parents, learners and the general community. Van Wyk and Lemmer (2009, p.11) reiterate that involvement by parents and the larger community is crucial. They state that the most effective educational and financial related projects occur when families and schools work together in a shared enterprise.

Miles and Frank(2008, p. 7) consider a barrier as additional resources being tied up by rigid and outdated management structures in government institutions like schools. This tying up of resources makes it difficult for any management structure under the control of a higher power to make changes in order to generate revenue using such resources.

2.8 Conclusion

It can be concluded that schools generate secondary revenue in various ways, and creating a business opportunity at a school that has not previously existed is risky and radical and needs innovation, resources and planning. It is more risky and difficult than following in the footsteps of an already existing product.

It is clear from the above literature that there are many different successful practices implemented by a variety of countries and school districts to generate alternative

revenue at schools. Although many schools feel bound or limited by historically evolved structures, Miles and Frank(2008, p.10) write that the climate for change is right for new thinking and that old structures and uniform practices of schools can with the right guidance and systems be changed into modern, profit generating reformed schools.

It can be concluded that there is an urgent need for schools and policy makers to work together to generate secondary revenue.

From the above literature review it is clear that schools need to be managed by suitably qualified individuals or school governing bodies whilst ensuring that secondary revenue generating avenues are identified, tried, planned and executed to subsidise their financial budgets in order to deliver quality education. It is clear that fewer learners are forced to contribute towards school fees and this on its own makes the need to generate secondary revenue even more appealing to school principals and leaders.

During the investigation into revenue generating avenues of schools, it became clear that not all schools are equal in terms of funding and that revenue generating avenues are all streamlined to fit the geographical location in mostly the USA. Schools need to become proactive in their approach to generate revenue in order to subsidise their shrinking annual income budgets.

The following chapter focuses on the research methodology used in this research, and sections of the following chapter will discuss the research design, data collection approach, the sampling strategy, research ethics and data analysis.

CHAPTER 3

Research methodology

3.1 Introduction

The purpose of this chapter is to elaborate on the methodology of research undertaken in this field study to identify and research the secondary revenue generating abilities of schools. Subsections in this are:

- The research design;
- Sampling strategy;
- Statistical analysis; and
- Techniques used in data collection and the demarcation of the field study.

This chapter will conclude with the applicable ethical considerations that have informed and guided this study.

3.2 Research design

In order to reach the primary and secondary objectives set for this study, a proper research design was completed to establishing an outline for gathering information relating to the objectives, and assessing the data obtained. Aspects taken into account included the field study rationale, the background to the research, strategy of the field study, the degree of researcher involvement and various time and geographical related restrictions (Sekaran and Bougie 2013, p. 95).

De Vos, Strydom, Fouche and Delport (2011, p. 148) describe a research design as groups of small, worked-out formulas from which prospective (quantitative oriented) researchers can select or develop one or more that are suitable to their specific research goals and objectives.

Sekaran and Bougie (2013, p.95) list three main research intentions within a framework of research design. These intentions include descriptive, exploratory and casual studies. The writers also state that a research design is a blueprint for the

collection, measurement and analysis of the data collected, based on the research questions of the study.

3.2.1 Research environment

This formal study makes use of current situations and current personnel at the various schools in the research pool. The study could assist in identifying possible secondary revenue generating avenues at the respective schools. Also forming part of this study was identifying training needs of school leaders and teachers in the field of hands-on entrepreneurial-related revenue generating activities, leadership involvement, and miscellaneous group results.

The research is based on a quantitative methodology and non-probability purposive sampling was used in the collection of the data.

The advantage of quantitative research is the fact that it allows the study of a large number of cases or hypotheses for certain aspects in a relatively short time, resulting in a high degree of generalisability (Flick, 2011, p. 12).

Data was collected by means of structured standardised questionnaires issued to respondents at all the related schools, which in this study also acted as a control instrument for result measurements. The data was based on the respondents indicating their personal focus and experience regarding facilities, venues, sports fields, education, leadership perceptions and involvement in the possible revenue generating activities and avenues at their respective schools.

According to Creswell (2003, p.8), research seeks to develop relevant true statements, ones that can serve to explain the situation that is of concern or that describes the causal relationships of interest.

3.3 Sampling strategy

This research was aimed at both qualifying and quantifying the views and attitudes of the respondents in this study. It was aimed to derive information from the past and present experiences of the respondents with regards to their direct working environment (schools), perceptions on leadership and also their involvement in the effective implementation of successful revenue generating avenues of schools.

The research also aimed to identify successful revenue generating avenues (where applicable) that the population of the study had or hoped to have in future. Purposive non-probability sampling was used employing pre-selected respondents with the hope that the outcome would reflect a representative sample outcome.

As pointed out in Chapter 1 of this study, the focus of the research was not only to understand and interpret financial problems of high schools, but also to predict and explain possibilities of growth, hindrance and possible success that high schools in Bloemfontein may attain from using the findings of this study. Included in the sampling pool of respondents and for the purpose of standardisation in this study, five high school teachers (including principals or departmental heads) were asked to willingly assist in completing the questionnaires. Respondents from six semi-funded and wholly funded government secondary schools formed part of the sampling pool.

3.3.1 Purposive non-probability sampling

According to Sekaran and Bougie (2013, p.20) the focus of a purposive sampling strategy will have beneficial implications on employees (teachers and school principals in this instance), and positive results could translate into lower turnover and probably increased performance levels, all of which will benefit the organisation (school). Because the respondents in probability sampling have some known, non-zero chance or probability of being selected as sample subjects or respondents (Sekaran and Bougie, 2013, p.245), this study was clearly identified as probability sampling. All respondents in this research study were carefully chosen as possible experts in their related fields. Davies (2007, p. 56) defines purposive sampling as an opportunity for the researcher to identify and target individuals who are believed to be typical of the population being studied. In this study they are the teachers and principals of high schools.

Davies (2007, p. 53) writes that research is tied up with the theory of sampling and understanding its importance is vital to the researcher and the respondents.

In terms of research, however, there is no sure way of knowing to what extent the sample chosen by the researcher is truly representative of the whole field that could have been interviewed.

3.3.2 Judgement as purposive sampling

In this study it was necessary to obtain information from specific, predetermined and qualified teachers who formed part of a group set by the researcher. The sampling was confirmed to specific types of people who could provide the desired information, either because they were the only ones who had it, or they conformed to the set criteria of either being a school principal, departmental head teacher or an ordinary, non-managerial teacher, all with teaching experience.

In this study, judgement sampling by the selected expert respondents was used to curtail the generalisability of the findings and recommendations.

3.4 Statistical analysis

Upon receiving the completed questionnaires, the researcher coded and categorised the answers by making use of spreadsheets on Microsoft Excel. With the aid of a statistician these were transformed into measurable tables and graphs. The final data was summarised by means of an overview of the data with the use of frequency distribution graphs. Basic frequency tables were used to develop one-way and two-way tables.

3.4.1 Data coding

Data coding involves the allocation of numbers to both the respondents and their respective answers (Sekaran and Bougie, 2013, p.252). By coding the questions and respondents, the likelihood of mistakes was reduced before feeding the data into a spreadsheet. This would facilitate in identifying illogical answers, inconsistencies and any omissions made by the respondents.

3.5 Quantitative data collection techniques

Quantitative data collection methods often make use of measuring instruments such as questionnaires, checklists, indexes and scales. The accuracy and reliability of the

measurements and results should be specific and should be measured as accurately as possible. De Vos, *et al* (2011, p.168) refer to the reliability of results in general as the extent to which independent administration of the same instrument consistently yields the same (or similar) results under comparable conditions.

In this study, the researcher made use of self-developed questionnaires with a 4-point Likert scale and two open questions. Questionnaires were sent by e-mail or delivered by hand to the respondents.

The questionnaires were developed based on the literature review in Chapter 2 of this study.

One of the main benefits of using the Likert scale is the speed and simplicity of its construction. The responses obtained from the Likert scale were easily quantifiable and subjective to computation of some mathematical analysis. The use of this type of scale did not require the respondents to provide a yes or no answer and it did not force respondents to take a stand on a particular topic. It allowed them to respond in a degree of agreement to the best of their knowledge and experience. This facilitated the completion of the questionnaires by the respondents.

LaMarka (2013) writes that the responses presented by a Likert scale accommodate neutral or undecided feelings of respondents. These responses are very easy to code when accumulating data, since a single number represents the respondent's response. Likert surveys are also quick, efficient and inexpensive methods for data collection. They have a high versatility and can be sent out through mail, e-mail, or given in person.

Questionnaires were set up with the primary and secondary objectives of the study in mind and were divided into five sub-sections:

- a) Identifying the need for revenue generating;
- b) Identifying the willingness of assisting in revenue generating;
- c) Identifying possible existing revenue generating activities at schools
- d) Identifying the level of qualification and entrepreneurial experience of the respondents; and
- e) Identifying the importance of the role of a school leader in generating revenue.

The questionnaires also made provision for two open-ended questions pertaining to new ventures that could possibly result in positive, sustainable revenue generating activities at the respondents' current place of work.

3.6 Ethical considerations

In this section of the study, the ethical considerations undertaken will be discussed. In chapter 1 the researcher aimed to promote the objectives of this research project by making use of and adhering to related ethical norms. It relied heavily on the participation and cooperation of 30 respondents from different high schools in Bloemfontein.

Research ethics, according to Flick (2011, p. 215), address the question of which ethically relevant issues caused by the intervention of researchers can be expected to impact on the people with or about whom they do research. These ethics should also be concerned with the steps taken to protect those who participate in the research or study.

A detailed description of the purpose of the study was given to all respondents involved in the research project. They were assured of their anonymity after indicating their decision to participate. This confirmed that their identity would remain confidential and not revealed to sources other than the researcher, moderator, study leader and statistician involved in the capturing, evaluating, formulating and presentation of the research findings. No data, figures, revenue-generating avenues or financial structures of individual schools were made available to other schools in the study.

The following ethical considerations and standards were abided by in this study in order to promote the values of this research project:

- Honesty

The researcher strived for honesty in all scientific communication. The data collected was reported on honestly, and results, procedures, methods and publication were documented and reported true to their origin and sources.

- Objectivity

There was a concerted effort to exclude bias from experimental designs, concepts, interpretation, peer review or testimonies of answers or results obtained during the research.

- Openness

With approval of the University of the Free State, general research results will be made available upon request to participating school principals and governing bodies on completion, while ensuring the anonymity of all respondents and individual schools.

- Social responsibility

The researcher tried to ensure a good manner of social responsibility.

3.7 Conclusion

The objective of this chapter was to provide a detailed description of the research methodology and processes followed in obtaining and analysing the information classified and grouped in chapter four of this study. A clear explanation of the research design and environment, sampling strategy, research methodology and data collection was given, as well as the formulation of the questionnaires and data analysis. Data analysis was done with the help of a statistician and easily comprehensible results were obtained from the questionnaires used.

CHAPTER 4

Presentation of results

4.1 Introduction

The research undertaken was based on a quantitative methodology and non-probability purposive sampling was used in the collection of the data as discussed in the previous chapter. A 100% response rate was obtained with all issued questionnaires having been completed 100%. This chapter will present the results of the study.

The presentation of findings will commence with the discussion of each question and the obtained results, indices, tables and clarifying descriptions to the results obtained, and a discussion on the meaning of these values. This will be followed by a scrutiny of the results of the questionnaire (Appendix 1), which will provide insight into the possible avenues of current and prospective perceived secondary revenue generating at high schools in the Bloemfontein area.

The key findings from the study will be summarised in the conclusion of this chapter. Based on these findings, recommendations and further areas of investigation will be presented in Chapter 5.

4.2 Research objectives

- a) The primary objective of this study was to analyse the secondary revenue-generating activities of high schools in Bloemfontein followed by the following secondary objectives:
- b) Determining the need for secondary revenue generating abilities at secondary schools;
- c) Identification of current revenue generating avenues of secondary schools;
- d) Identifying and measuring the willingness of high school teachers in Bloemfontein to participate in revenue-generating activities outside of normal school hours; and

- e) To determine participation of high school principals in secondary revenue generating events or activities at their schools in Bloemfontein.

4.2.1 Research questionnaires

Questionnaires were prepared and set up with the primary and secondary objectives of the study in mind, and were divided into the following five sub-sections:

Q1 Identifying the need for revenue generating:

- a) Measuring the importance of generating secondary revenue as an integral part of the annual school income and expense budgets;
- b) Constant need for existing facilities to be maintained and operated as required to meet curriculum and learner development needs.

Q2 Identifying the willingness of assisting in revenue generating:

- c) Measurement of the willingness to be involved outside working hours to participate, manage and oversee revenue generating activities at the school;
- d) Willingness of involvement with personal financial benefit to the teacher in revenue generating activities outside of working hours.

Q3 Identifying the possible existing revenue generating activities at the schools:

- e) The identification per respondent of current and potential revenue generating avenues at each school in order of availability.

Q4 Identifying the level of qualification and entrepreneurial experience of the respondent:

- f) Measurement of respondents' qualifications in terms of teaching and also management and financial or entrepreneurial fields.

Q5 Identifying the importance of the role of a school leader in revenue generating:

- g) Measurement of respondents' perceptions regarding the importance of active school leadership and involvement by authority figures in generating secondary revenue at high schools.

Two open-ended questions regarding new ventures that could result in positive, sustainable revenue generating activities at the respondents' current places of work were posed to all respondents in the hope of identifying generic or unique entrepreneurial activities that could assist schools to alleviate financial pressure. Results will be presented further in this chapter and in tabular form, specific to respondent's answers obtained from the structured questionnaires.

In calculating the results, responses were added and divided by the number of respondents, giving a MEAN (average) value ranging from 1.00 to 4.00 with 2.00 as the middle value. Results with a value lower than 2.00 indicate that respondents fundamentally disagree or regard the item as unimportant.

In the calculation and interpretations of the obtained results and categorical variables, the MEAN was changed into a FACTOR VALUE (FV) or average score (AS). The FV was then calculated. A mean of 2.00 is therefore equal to a FV of 0.5 (or 50%). A high FV (>0.5) indicated that the majority agreed with the statement, or that the factor is important, or that the factor is a most likely revenue generating opportunity at a particular school.

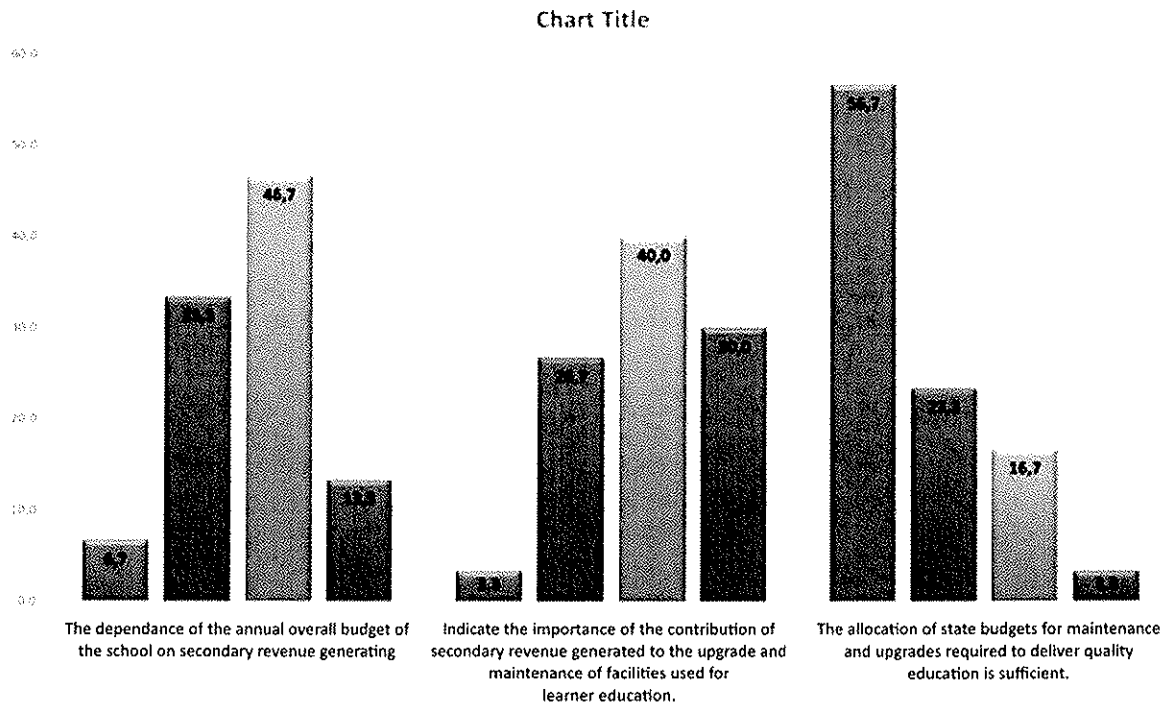
4.3 Results obtained from questionnaires

Q1

Question 1 a, b and c provided an overview of the importance of generating secondary revenue to facilitate, subsidise and assist school management to ensure proper and relevant upgrades to learning facilities.

The findings are summarised in figure 4.1 and table 4.1 below.

Figure 4.1. Question 1 results



4.3.1 Findings of Q1

a) Schools' dependence on secondary revenue resulted in a mean of 2.67 and a FV of 0.67. This value is greater than 0.5, indicating that, on average, the majority of the respondents regarded this statement as important.

b) The importance of secondary revenue generation to the upgrade and maintenance of facilities was seen as highly important, with only 3.3% of the respondents not viewing the generating of secondary income as an important tool to subsidise income for maintenance expenses. This question resulted in a mean of 2.97 and a FV of 0.74.

c) State budgets for maintenance and upgrades to deliver quality education are insufficient. A FV of 0.42 and a general mean (obtained on an average between teachers, HOD and others) of 1.67 calculated from responses indicate a FV of less than 0.5, indicating that, on average, the majority of respondents regard this statement as unimportant, yet an overwhelming 56.7% of the respondents felt that the allocation is insufficient, with only 3.3% finding the current allocation of funds sufficient to maintain and upgrade of academic and other facilities.

Table 4.1: Distinction between variables of teachers, HOD's and others

Variables	Current position					
	Teacher		HOD teacher		Other	
	Mean	FV	Mean	FV	Mean	FV
The importance of generating secondary revenue						
Dependence of the annual school-budget on secondary revenue generating.	2,79	0,70	2,60	0,65	2,33	0,58
The importance of secondary revenue to the upgrading-and maintenance of school facilities.	2,89	0,72	3,00	0,75	3,17	0,79
The state budget for maintenance and upgrades is sufficient.	1,84	0,46	1,00	0,25	1,67	0,42

4.3.2 Findings of Q2

Question 2 tested the willingness of individuals to assist in the generating of secondary revenue outside of their current scope of work and remuneration structures.

Q2 results

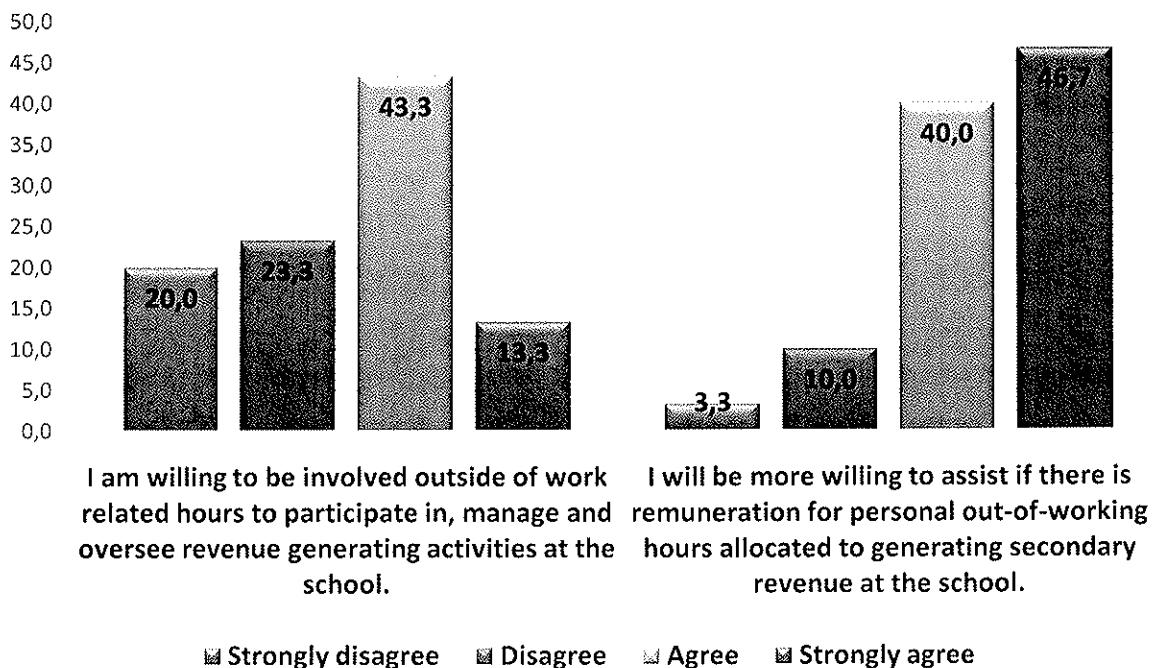


Figure 4.2: Question 2 results

a) It is clear from-figure 4.2above that all respondents are willing to assist in generating secondary revenue outside of their current work load, for remuneration. In general, 43.3% of respondents strongly agree, with only 13.3% not interested in assisting more than they are currently doing. A mean of 2.50 and FV of 0.63 confirm these findings.

b) The-overwhelming majority of the respondents-are willing to assist in additional revenue generating activities, provided they are remunerated for their efforts. This can be seen in the 0.83 FV and 2.50 mean for this question, as seen in table 4.2.

Table 4.2: Individual willingness to assist in revenue generating activities

	Current position					
	Teacher		Teacher HOD		Other	
The willingness of assisting in secondary revenue generation.	Mean	FV	Mean	FV	Mean	FV
I am willing to be involved outside of normal working hours to participate in, manage and oversee revenue generating activities at the school.	2,37	0,59	2,40	0,60	3,00	0,75
I would be more willing to assist if there is remuneration attached to after hours working to	3,37	0,84	2,80	0,70	3,50	0,88

generating secondary revenue at the school.						
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As seen above in table 4.2 all respondents, without exception, are willing to assist to grow the secondary revenue generating activities at their respective places of employment, especially with additional remuneration.

4.3.3 Findings of Q3

Question 3 asked respondents to identify the likelihood of venues at their respective establishments that could possibly assist in generating more secondary revenue.

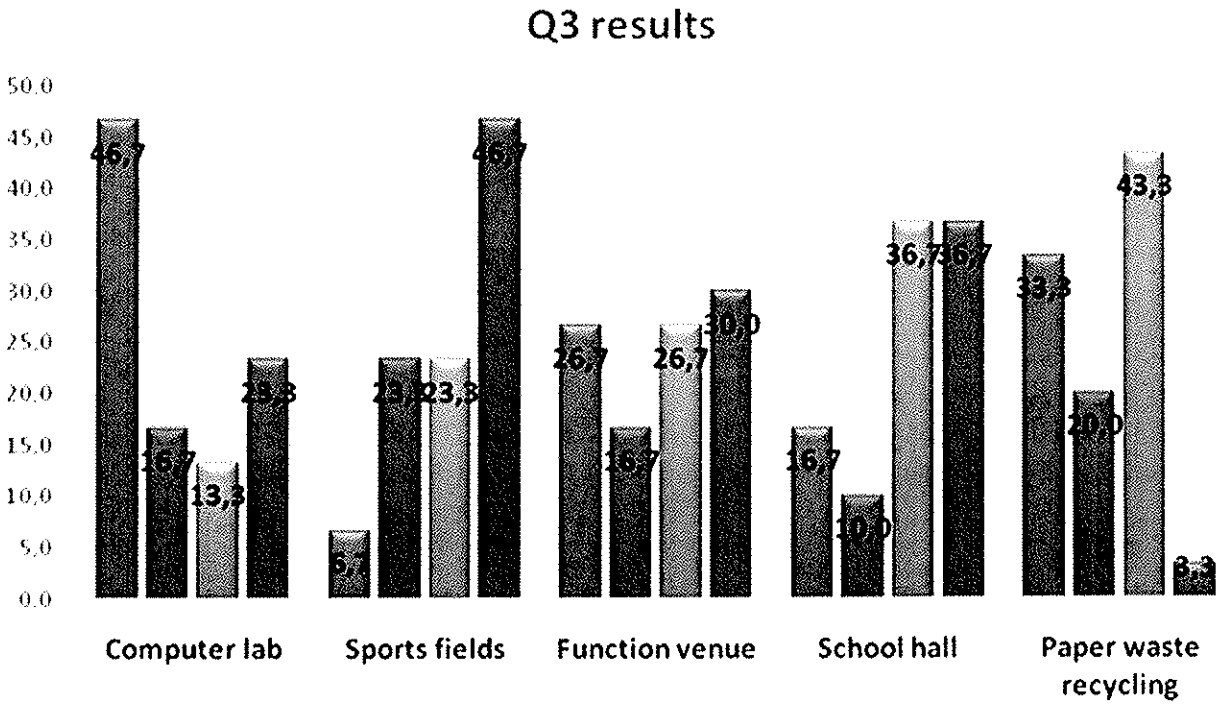


Figure 4.3: Question 3 results

Q3 Results continued

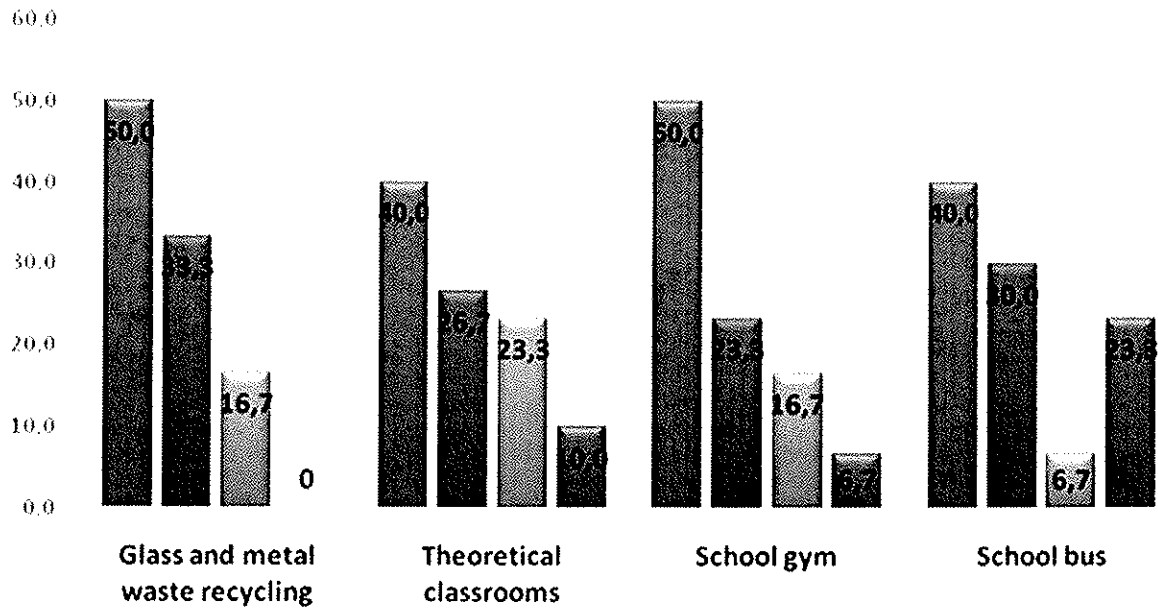


Figure 4.4: Question 3 results continued

Q3 Results continued

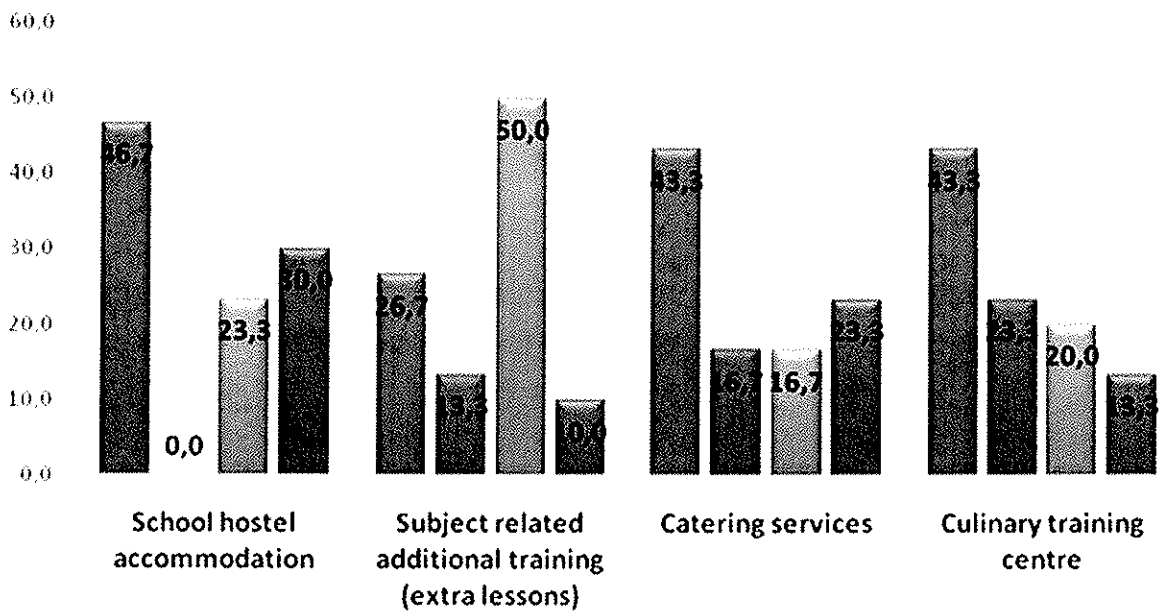


Figure 4.5: Question 3 results continued

4.3.3.1 Figure 4.3 results

1. *Computer laboratories*

It is clear from figure 4.3 that 46.7% of the respondents felt that computer laboratories, if applicable, would be able to generate future secondary revenue. Table 4.3 shows that more HOD teachers than teachers not in a managerial role, and other teachers, feel that this will be a viable secondary revenue generating source for their schools.

2. *Sports fields*

Only 6.7% of respondents have a negative outlook on the possibility of sports fields contributing to secondary revenue generation. All respondents across the board, as seen in table 4.3, seem to think that this is a viable revenue generating avenue with future values of 0.76, 0.9 and 0.71.

3. *Function venues*

Even though a fairly negative response of results were obtained for this question, table 4.3 below shows a FV of over 0.50 across the board, indicating a positive FV to function venues possibly being used as revenue generating centres.

4. *School halls*

In general, school halls were seen as possible revenue generating centres by respondents, with a combined 73.4% of respondents choosing options 3 and 4, pointing out their school halls as possible revenue centres. Teachers, with a FV of 0.79, were the majority in their thinking that their school halls could add more revenue.

5. *Waste paper recycling*

Alarming, 53.3% of the respondents felt that waste paper recycling cannot be a sustainable revenue generating stream, with only 46.6% of respondents identifying this as a possible revenue generating avenue. Table 4.3 below shows an FV of 0.58 for teachers in general, 0.55 for HOD teachers and only 0.42 (>0.50 = negative) for others in the survey.

4.3.3.2 Figure 4.4 results

1. Glass and metal waste recycling

As seen in figure 4.4, not a single respondent thought it possible to choose glass and metal waste recycling as a worthy revenue generating initiative at their schools. 50% clearly indicated that this form of revenue generating will not be a viable choice at their schools. These choices are mirrored in the results of table 4.3 below clearly showing an FV of <0.50, indicating a negative response to the question.

2. Classrooms

Table 4.3 indicates a negative FV for both departmental heads/principals and other respondents (excluding ordinary teachers): HOD (0.40) and others (0.42) with ordinary non-managerial teachers (0.57) thinking that their classrooms will be able to generate possible future revenue. Only 10% of the respondents identified (as seen in figure 4.4) classrooms as possible revenue generating avenues, with as much as 40% thinking it is not a viable revenue stream.

3. School gym

Figure 4.4 shows that 50% of the respondents do not identify with a school gym as a possible revenue source. 0.43, 0.45 and 0.42 of respective respondents (FV all <0.50 = negative) regard, a school gym as a negative revenue source.

4. School bus

70% of the respondents leaned towards not choosing a school bus as a viable revenue source as seen in figure 4.4 above. Conflicting FV results between the 6 schools that participated can be seen amongst the FV results of the teachers (< 0.58), teacher HOD's (>0.50) at 0.42 and others at 0.50.

4.3.3.3 Figure 4.5 results

1. School hostel accommodation

46.7% of the respondents (figure 4.5) indicated a negative response, with 53.3% indicating a positive response to school hostels being used to generate additional secondary revenue. All FV obtained in table 4.2 below indicate more than 0.50 showing that the majority regard school hostels as a possible revenue generating avenue.

2. Subject related additional training

A majority of 60% of all-respondents (as seen in figure 4.5) indicate that subject related additional training at a fee could be a possible revenue generating avenue at their schools. Table 4.3 points out positive FV across the board reflecting the results obtained in figure 4.5.

3. Catering services

A majority of 60% of all-respondents (as seen in figure 4.5) indicate that catering related revenue generating is not their first choice. Only teachers in managerial positions show a negative FV of 0.40 (< 0.50), which means that the majority agrees with the possibility of using existing facilities to generate income via catering services made in the questionnaire.

4. Culinary training centres

66.6% of the-respondents did not view culinary training centres as a viable option to generate additional revenue at their respective schools. Figure 4.5 shows that only 33.3% of the respondents found this to be a favourable possible revenue source. In table 4.3, FV of 0.55 (positive), 0.40 and 0.46 (both < 0.50) reflect the results obtained in chart 3.3.

Table 4.3: Identification of possible revenue generating avenues

	Current Position					
	Teacher		Teacher: HOD		Other	
The likelihood (if any) of the following possible revenue generating centres and avenues at your school.	Mean	FV	Mean	FV	Mean	FV
Computer laboratories	2,26	0,57	2,40	0,60	1,50	0,38
Sports fields	3,05	0,76	3,60	0,90	2,83	0,71
Function venues	2,79	0,70	2,20	0,55	2,33	0,58
School halls	3,16	0,79	2,60	0,65	2,50	0,63
Paper waste recycling	2,32	0,58	2,20	0,55	1,67	0,42
Glass and metal waste recycling	1,68	0,42	2,00	0,50	1,33	0,33
Theoretical classrooms	2,26	0,57	1,60	0,40	1,67	0,42
School gyms	1,74	0,43	1,80	0,45	1,67	0,42

School buses	2,32	0,58	1,60	0,40	2,00	0,50
School hostel accommodation	2,42	0,61	2,60	0,65	2,00	0,50
Subject-related additional training (extra lessons)	2,53	0,63	2,20	0,55	2,33	0,58
Catering services	2,37	0,59	1,60	0,40	2,17	0,54
Culinary training centre	2,21	0,55	1,60	0,40	1,83	0,46

4.3.4. Findings of Q4

The aim of question 4 was to establish the current roles of respondents in generating secondary revenue (if any), their levels of qualification, any possible additional entrepreneurial training programs or degrees, as well as the tertiary institutes they attended.

a) Respondents' roles at their current schools

Of the 30 respondents, 19 were ordinary teachers, eight were in higher positions of teaching – HOD, deputy principal or principals - and three were employed in positions other than teachers (see figure 4.6).

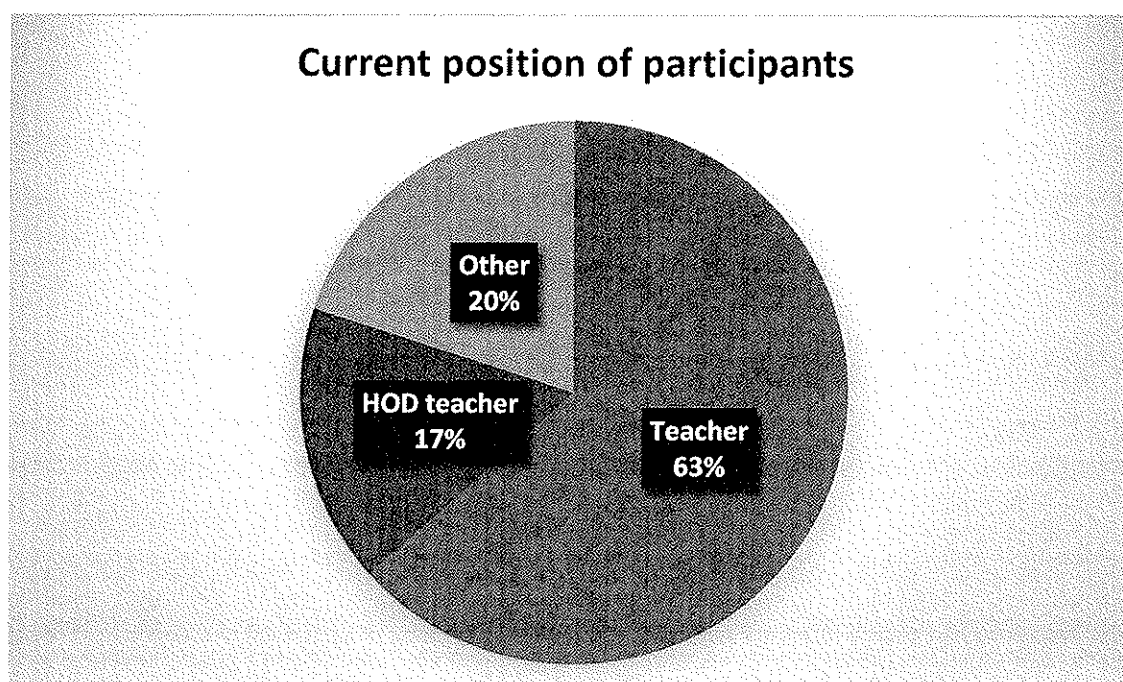


Figure 4.6: Current position of participants

b) Average number years of teaching experience

The average number of years of teaching experience between all respondents was 13.67. The number of years of teaching experience of HOD teachers was 25.75, teachers 9.47, and others 5 years.

c) *Breakdown of qualifications of respondents*

Qualifications of the respondents in this study can be seen in table 4.4 below:

Table 4.4: Qualification breakdown of respondents

Teaching related qualifications	21
Management related qualifications	2
Social sciences related qualifications	3
Other	4

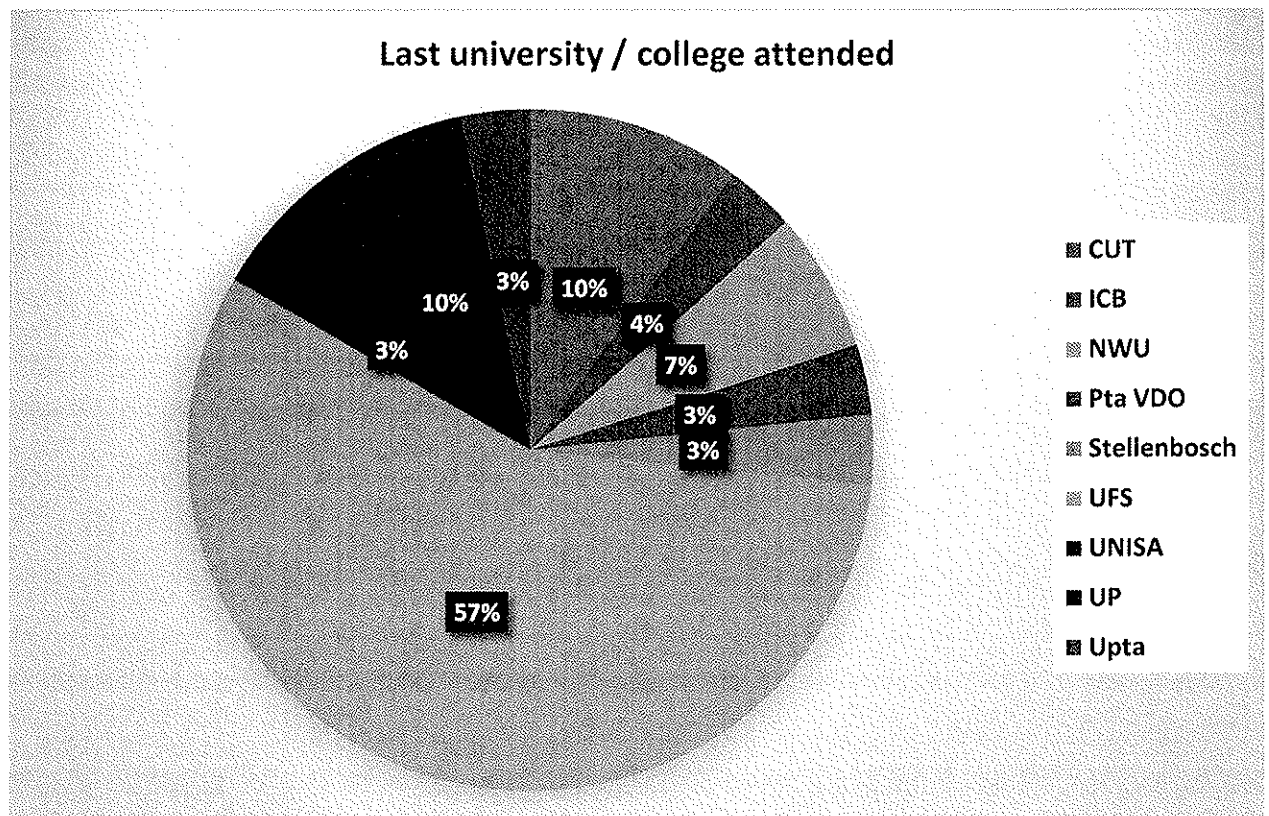


Figure 4.7: Universities attended by respondents

As can be seen in figure 4.7 above, 57% of the respondents currently teaching at the schools selected for this study have obtained their qualifications from the University of the

Free State and 10% from the Central University of Technology, so 67% the of qualifications obtained by teachers-were completed in Bloemfontein.

d) Additional entrepreneurial or business management related qualifications

From the chart below, results show that 84% of the respondents have had no additional training in any entrepreneurial or business management qualifications. Only 3% of all the respondents have had additional entrepreneurial or business management training that could aid them in the task of generating secondary revenue.

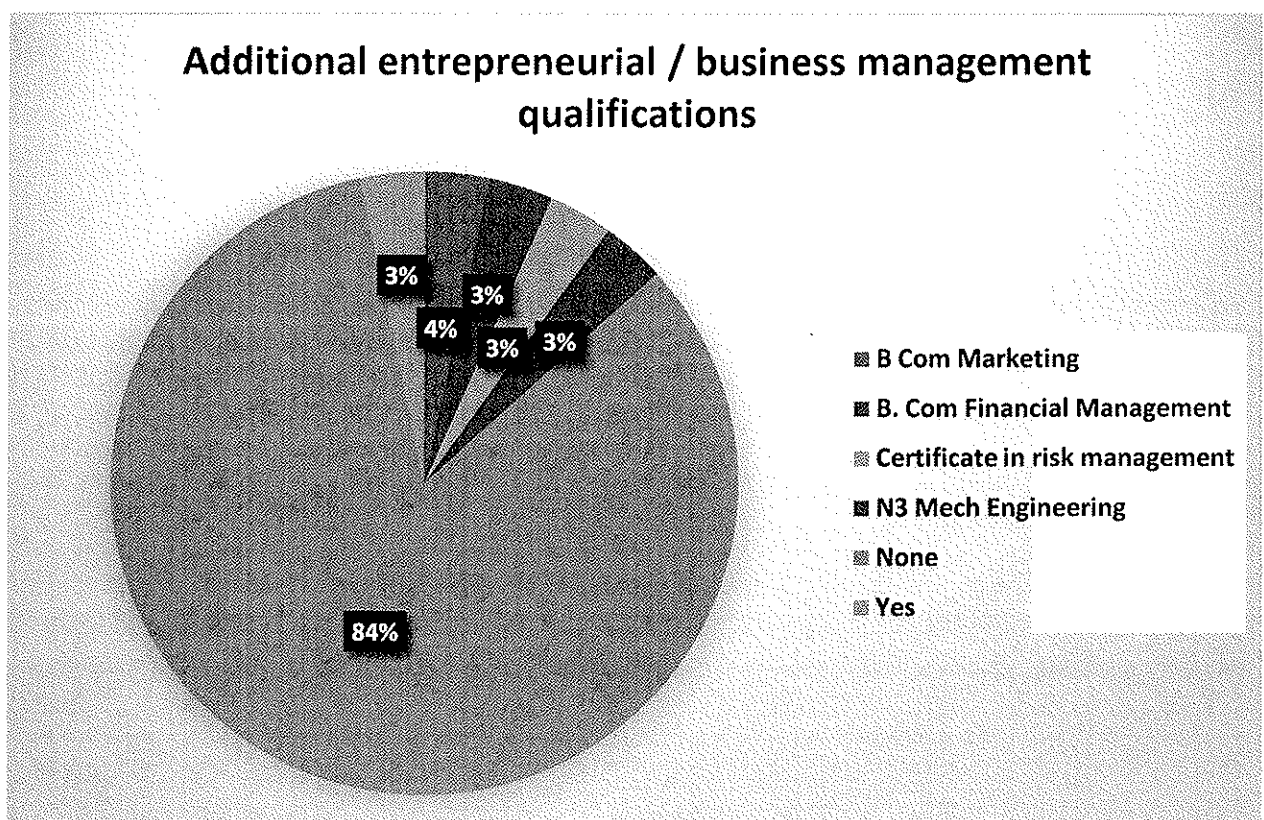


Figure 4.8: Additional entrepreneurial / business management qualifications

f) Respondent involvement in generating secondary revenue

Only 53% of the respondents have indicated that they are actively involved in generating secondary revenue at the respective schools. 47% have not shown any indication of participating in such activities.

4.3.5 Findings of Q5

This section was included to establish the perceived value contributed by senior staff, principals or school leaders in their roles to assist or competently manage the generating of secondary revenue at their respective schools.

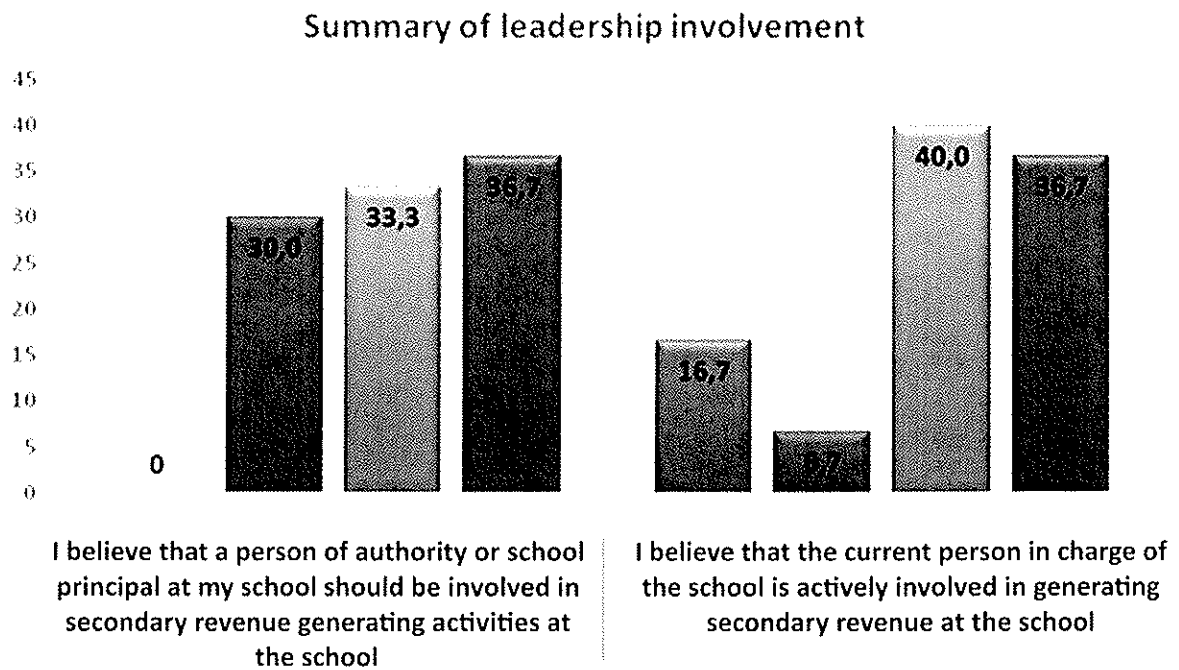


Figure 4.9: Summary of leadership involvement

a) Table 4.5 below and figure 4.9 above indicate that 30% or less of the respondents felt that their school leaders should not be involved in secondary revenue generating activities at their respective schools.

66% indicated that they believe that their school leaders or principals should be involved in activities relating to generating additional revenue.

Table 4.5: Person of authority or school principal should be involved in secondary revenue generating

Strongly disagree	0
Disagree	30%
Agree	33%
Strongly agree	36%

b) From table 4.6 it can be concluded that 23.4% of the respondents feel that the current persons in charge of their schools are not actively involved in generating secondary revenue. 36.7% strongly agree and 40.0% agree that their current leaders are actively involved in generating secondary revenue. Therefore, it can be concluded that the general consensus amongst respondents indicate that the person in charge of a school should be involved in generating secondary revenue.

Table 4.6: Current leadership involvement in generating secondary revenue

Strongly disagree	16.7%
Disagree	6.7%
Agree	40.0%
Strongly agree	36.7%

4.3.6 Findings of Q6

Question 6 contained two open-ended questions pertaining to the perceptions and ideas of respondents identifying possible revenue generating avenues at their schools.

a) Identification of revenue generating ideas by respondents

From the table below it can be seen that the majority of respondents all had their own respective ideas and suggestions as to how their schools could increase the generating of secondary revenue.

The majority of respondents commented on their reasons for choosing the revenue generating avenues that they did. Only 10% of the respondents did not indicate any manner or idea of generating secondary revenue at their schools.

Table 4.7: Identification of revenue generating ideas in response to question 6a.

Bazaars	1
Casual days	2
Extra subjects and facilities	1
Festivals and national events	1
Renting out school premises as a venue	1
Hostel accommodation	3
Themed men's evenings - pigeon evening	1
Musical auditions	1

Musical concerts	1
None	3
Off road biking on terrain	1
Pigeon racing	1
Rent out facilities	1
Renting out school hall	6
Social or selling activity packs at the beginning of the year	1
Sports days	0
Renting out sports fields for events	1
Sports tournaments	3
Spring festival	1
Swimming pool and entertainment area	1
Upgraded sports facilities	1
Total Respondents	30

6b) Feedback received with this open-ended question, regarding the possibilities of a person with entrepreneurial skills and experience taking over the leadership of generating secondary revenue are listed in table 4.8 below.

Table 4.8: Suggestions received in response to question 6b.

Suggestions	Frequency	Reasons
Computer lab and tuck shop	1	All learners can participate
Entertainment facilities	1	Already available
Functions and events	1	Available
Fun days, car wash	1	Available during school holidays
Hockey	1	Better marketing and management of processes and organisation
Hostel accommodation	2	Big need in society
Hosting events and functions	1	Easy to get community involved as school is a no fee paying school and needs to generate funds
None	9	Easy to get learners involved
Waste paper and metal recycling	1	Can generate revenue
Pigeon racing	1	Generate good money if well managed
Production shows	1	Generates good revenue
Raffles	1	Get learners involved in activities
Recycling drives	1	Good revenue source
Renting out facilities	1	Renting out school hall and facilities
Renting out sports fields	1	If more effort and control were put in to these facilities they would generate more

		revenue
School hall and sports fields	1	Logistics and management thereof easy
Sports events and renting out of facilities	1	None
Sports facilities	1	Rooms available during school holidays
Training school for drama	1	They are available
Venue rental	1	Under-utilised facilities
Uniform Sales	1	Uniform sales
Total answers	30	

4.4 Conclusion

Upon completion of this research it was concluded that even though teachers are willing to assist in generating secondary revenue at their respective schools, 86.7% of them would be more willing to do so at additional remuneration.

Respondents also indicated that even though schools are partially substituted with government funding, 60% indicated that they believe that their annual budgets are severely dependent on secondary revenue to meet the needs of improvements and upkeep of facilities at their schools.

The results showed that all respondents have different perceptions and initiatives in mind as to how their respective schools could possibly generate more secondary revenue. A general conclusion can be made, as seen in the results, with regards to the most common proposed source of generating secondary revenue – renting out school facilities. The proposed avenues of revenue will be further discussed in Chapter 5.

A general result of trust in current leaders in charge of schools pertaining to generating revenue was obtained with only 23.4% of the respondents indicating that their current leaders are not necessarily involved in generating revenue.

With the study being conducted in Bloemfontein, it was not surprising to see that the majority of the respondents obtained their qualifications locally. Respondent qualifications also show that 84% of all respondents have not had any additional entrepreneurial or

management training that could possibly assist them in generating more secondary revenue.

Chapter 5 will present recommendations and the conclusion to the study.

CHAPTER 5

Recommendations and conclusion

5.1 Introduction

According to Bush (2007, p.1) there is currently a great interest in educational leadership because of the widespread belief that the quality of leadership makes a significant difference to the quality of schooling and learner results. There also seems to be a great need for school management and leaders to not only govern and facilitate education at their schools, but also to recognise the value of generating income other than that received annually from local, provincial and national government bodies.

The South African Schools Act (No. 84 of 1996) came into effect on 1 January 1997 with one of its principal objectives being "to provide for a uniform system for the organisation, governance and funding of schools" (RSA, Government Gazette, 1998).

The preamble to the act states that:

“...this country requires a new national system for schools which will redress past injustices in educational provision, provide an education of progressively high quality for all learners and in so doing lay a strong foundation for the development of all our people's talents and capabilities...”

In line with the objectives of the act, Flick (2011, p. 12) writes that it remains a major undertaking of the Department of Education to ensure that provincial funding allocations are consistent with the equity and efficiency principles underlying the public school funding norms and standards (RSA, Government Gazette, 1998). Funding norms, as discussed in this study, vary not only from province to province, but also locally from rural to urban areas.

5.2 Summary of findings

Before commencing with the recommendations, limitations and conclusions of this study, a short overview of the key findings of the study (as discussed in Chapter 4) will be outlined. These include the following:

5.2.1 Dependency of high schools on secondary income (See 4.3.1, Findings Q1)

High schools are highly dependent on income derived from secondary revenue generating activities. Major capital and other expenses that form part of a high school's budget, such as upgrades and maintenance of existing and new facilities, rely heavily on secondary income generated by the schools themselves.

The budget for secondary education in South Africa takes up a major part of government expenses annually, yet the allocation for the maintenance and upgrading of facilities is considered to be insufficient.

5.2.2 Willingness of individuals to assist in the generating of secondary revenue.

Even though a small portion of respondents indicated that they are unwilling to assist in the generating of secondary revenue, the majority indicated their willingness to assist on the conditions of secondary remuneration.

5.2.3 Indication of existing facilities and new entrepreneurial prospects to be used for generating secondary revenue.

All schools included in this study had either venues or facilities which the respondents believed could add value in the form of generating secondary revenue at their premises. The use of these facilities, including but not limited to school halls, school hostels, sports fields, theoretical classrooms and function venues, seems to be in line with basic needs for a school to generate secondary revenue.

Respondents have faith in their venues, yet feel that they are under-utilised.

5.2.4 Roles and qualifications of educators in generating secondary revenue.

Limited involvement on a large scale was identified. A major contributor to the limited involvement of the respondents could possibly be related to a lack of the further training and development of school staff relating to entrepreneurial or business qualifications.

5.2.5 Perceived value contributions of management, principals and leaders.

A strong sense of managerial involvement in the generating of secondary revenue was identified in the study with respondents indicating a high level of trust in the management system at their respective schools.

5.3 Recommendations

In order to increase the valuable contribution of secondary revenue as discussed throughout this study, the following recommendations are proposed:

- a) A full business analysis per school should be done in order to best determine the strategy to increase secondary revenue per school.
- b) A needs analysis should be done in the areas surrounding the school to determine the level of need or support that can be obtained from direct community involvement on not only an individual school, but also corporate level.
- c) In order to increase skills and knowledge of not only school leaders but also ordinary teachers, business related or entrepreneurial skills programmes should be compiled and offered to selected individuals who could possibly make a valuable contribution towards identifying and implementing additional secondary revenue generating activities per school. Not only will the school as a business benefit, but learners will have first-hand experience of the importance of entrepreneurial and business related activities by being involved in the execution of such revenue streams.
- d) The possibility of schools employing a function, marketing, business or events coordinator with relevant experience, should be explored. This could be done on a consultant basis so as not to burden the schools with additional monthly expenses.

- e) The selection of a school governing body should include a successful entrepreneur who will be able to share skills and knowledge to those co-governing the school governing bodies.
- f) Corporate or social enterprise involvement in the direct vicinity of a school should be considered to assist schools in upliftment programmes relating to facilities and venues at schools that could become revenue generating sources. Such programmes could include recycling schemes, business coaching to teachers and school leaders, partners for possible events and also personnel development programmes.

5.4 Limitations of the study

The study set out to investigate and report on selected secondary schools in the Bloemfontein area and did not take into account provincial or the national department of education funding models per school, school-related administrative or development expenditure, or school specific budgets, targets and spending patterns.

5.5 Conclusion

This chapter provided an overview of the key findings and recommendations of the study. It is clear that secondary schools have the means and abilities to generate secondary revenue. A lack of participation in revenue generating avenues and the continued need to enhance the current skills of teachers and the management of secondary schools in entrepreneurial related qualifications, play a major role in the majority of the schools associated with this study.

Further, underlining the lack of involvement by teachers in revenue generating activities, it can be summarised that should they be remunerated accordingly, the majority of the respondents will be more willing to contribute time and energy towards generating secondary revenue at their respective schools. Further research into the success of this recommendation will be needed.

In order to reach objectives set by government in the Schools Act (No. 84 of 1996), secondary revenue needs to be generated by individual schools to assist

government budget allocations to ensure not only proper education, but also the maintenance and upgrading of school facilities.

Unless the relative proportion of personnel costs, limited involvement of educators in generating revenue, and maintenance and upgrading of facilities to the total spending of a school is managed down, secondary schools in Bloemfontein will continually be forced to generate non-school fee revenue to cover and finance essential and non-personnel education services, generate more revenue and redress the highly inequitable allocation of fees to high schools in Bloemfontein.

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APPENDIX A

CONFIDENTIAL QUESTIONNAIRE

Topic: Secondary Revenue Generating Abilities of High Schools
Degree: MBA
University: University of the Free State
Student: Lesley Jacobs (Mr)
Student #: 2012073587

Dear Sir / Madam

Thank you in advance for agreeing to answer this short questionnaire.

Please note that NO NAMES are to be put on the papers.

This questionnaire and the answers contained herein are confidential and will not be made public to anyone other than the student, study leader and statistician of this research assignment.

Please select the most appropriate answer from the 4 options provided: 1 = strongly disagree; 2 = disagree; 3 = agree; 4 = strongly agree.

Question 1

Measuring the importance of generating secondary revenue as an integral part of the annual school income and expense budgets.

- a) The dependence of the annual overall budget of the school on secondary revenue generating.

1	2	3	4
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- b) Indicate the importance of the contribution of secondary revenue generated to the upgrade and maintenance of facilities used for learner education.

1	2	3	4
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- c) The allocation of state budgets for maintenance and upgrades required to deliver quality education is sufficient

1	2	3	4
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Question 2

The statements below determine the willingness of assisting in secondary revenue generation..

- a) I am willing to be involved outside of work related hours to participate in, manage and oversee revenue generating activities at the school.

1	2	3	4
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- b) I will be more willing to assist if there is remuneration for personal out-of-working hours allocated to generating secondary revenue at the school.

1	2	3	4
---	---	---	---

Question 3

- a) Rank the likelihood (if any) of the following possible revenue generating centres and avenues at your school.

<i>Revenue centre</i>	<i>1 (least likely)</i>	<i>2</i>	<i>3</i>	<i>4 (most likely)</i>
Computer lab				
Sports fields				
Function venue				
School hall				
Paper waste recycling				
Glass and metal waste recycling				
Theoretical classrooms				
School gym				
School bus				
School hostel accommodation				
Subject related additional training (extra lessons)				
Catering services				
Culinary training centre				

Question 4

a) Please complete the following section. Current position	
b) Years of teaching experience	
c) Highest level of qualification and year	

obtained	
d) Last university / college attended	
e) Any additional entrepreneurial / business management qualifications	
f) Personal role in generating secondary revenue at your establishment	

Question 5

Please select the most appropriate answer from the 4 options provided: 1 = strongly disagree; 2 = disagree; 3 = agree; 4 = strongly agree.

- a) I believe that a person of authority or school principal at my school should be involved in secondary revenue generating activities at the school.

1	2	3	4
---	---	---	---

- b) I believe that the current person in charge of the school is actively involved in generating secondary revenue at the school.

1	2	3	4
---	---	---	---

Question 6

- a) What do you think would be the most feasible new secondary revenue generating avenue at your school and why?

Activity:
Reason:

- b) If a person with entrepreneurial skills and more experience in generating revenue take over the secondary revenue generating responsibilities at your school, which

revenue generating activities at your school will be able to immediately generate more money?

Activity:
Reason:

Thank you for your contribution.