

## **Chapter 2: Literature Review**

This chapter will highlight all literature review carried out on the private higher education and other related issues such as corporatization and privatization of Malaysian higher education, business of higher education in Malaysia, development of graduate education in Malaysia, and on some other new trends and market mechanisms in higher education in Malaysia. Research on past studies includes working papers by international organizations, magazines, journals, thesis, published books as well as local studies conducted by past researchers.

In 1987, the Institute of Advanced Studies, University of Malaya has published a seminar papers on Higher Education and Employment in Malaysia. Chew Sing Buan and Jasbir Sarjit Singh are among the editors who have been contributed their research and reports to be booked as a seminar papers. Their research shows that, during 1970s and 1980s, the higher education was seriously more linked to the labor market or employment.

The last three decades have witnessed an unprecedented expansion of education throughout the world. According to Chew Sing Buan in the study mentioned above, many factors have been identified as being responsible for this expansion. Education for most countries has been considered to be a basic human right and democratization in education has become a national goal. As a result, virtually all countries have allocated an increasing proportion of their national resources to

education. Chew Sing Buan further commented on rapid social and economic changes during the period have demanded an increasing supply of educated manpower for all sectors of the economy. Developing countries, in particular, have responded to this situation by expanding the higher education sector as rapidly as possible to meet the manpower needs. Furthermore, as people become aware of the social and economic benefits of higher education, institutions of higher learning attracted more and more students. The report further concluded on the needs to improve the basis of planning the development of higher education in the country in order to reduce mismatch between the output of the higher education system and the needs of the labor market.<sup>1</sup>

Jasbir Sarjit Singh further supported the report above through his seminar paper on Higher Education and Employment in Malaysia: The Experience of Graduates. According to Jasbir's findings, with the rapid educational expansion that has taken place in most developing countries since year 1960s, anxiety has grown that there could be a serious mismatch between the educational system and the labor market along a number of dimensions. In relation to higher education, institutions of higher learning have produced graduates that are not always employable at the level expected. Besides that, the output of the educational system in certain fields has exceeded the demand of the economy while shortages exist in other fields. Therefore, within the educational system, changes have to be initiated to cope with the quantitative expansion of higher education as well as qualitative aspects

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<sup>1</sup> This paper is a summary of a report entitled "*Higher Education and Employment in Malaysia: Perceptions and Expectations of Six Form Students*", prepared by Chew Sing Buan, Thong Lay Kim and Leonard Yong in 1984.

with focus on curricular and pedagogical improvements. The study highlighted that during early 1980s, about 38, 000 students are enrolled in local universities and a further 20, 000 are enrolled for degree level courses overseas. Jasbir's findings through these figures concluded that expansion of higher education is inevitable and necessary in the process of development.<sup>2</sup>

The above studies have showed the rough picture of higher education development in Malaysia during 1960s until mid 1980s. It also shows the future prospects of higher education in Malaysia from human resources perspective. The expansion of higher education or educational system as expected in the above studies can be seen clearly from the current situation where the structure and the number of higher educational institutions, public as well as private institutions being increased as socio-economic environment and development trends of the country changes. Several local studies and research have also brought forth concerns of the development of the higher education especially private higher education in Malaysia. These can be seen from the rest of the literature review as below.

A more recent study was conducted by Amiya Bhaumik (1998), on the Private Higher Educational Institutions (PHEIs) in Malaysia. Amiya's study highlighted the importance of PHEIs in facing challenges towards Malaysia as an international higher education center. According to this study, PHEIs are an

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<sup>2</sup> This paper is a summary of a report entitled "*Higher Education and Employment in Malaysia: The Experience of Graduate*", prepared by Jasbir Sarjit Singh, Fatimah Hamid-Don, Moses Samuel and Mogana Dhamotharan in 1984.

integral part of the Malaysia's education system. The role of private higher education has evolved in the face of expanding and changing student enrollments and demand. The shift from Malaysian tin economy to manufacturing economy toward information and service based economy, the spread of technology and foreign competition have made today's student and PHEIs more aware than they were a decade ago of the need for occupation as well as academic education. As a result, these PHEIs now offer a much wider array of vocational and educational services to Malaysian community.

Amiya Bhaumik has also highlighted several recommendations for PHEIs in Malaysia in order to achieve the goal of becoming international educational center. First, the PHEIs should improve their education opportunities by improving resources to meet basic education needs and improving the internal efficiency of education system. Secondly, there must be efficiency in learning in various aspects such as curriculum and teaching styles as well as instructional materials. Amiya Bhaumik also stressed on qualitative efficiency, which consists of flows of students, student teacher ratio and use of space. In the aspect of administration and management of education systems, the management, planning and research capacity have to be improved. The final aspect would be the cost and finance of the education.<sup>3</sup>

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<sup>3</sup> Amiya Bhaumik, *Malaysia as an International Higher Education Center: Issues and Challenges faced by Private Higher Educational Institutions*, Unpublished Masters Thesis, University Malaya, 1998.

Another research by Ahmad Mahdzan Ayob and Noran Fauziah Yaakob has provided some analysis on the business of higher education in Malaysia. The research was tabled as a working paper presented at the ASAIHL Conference on Business of Higher Education in the Asia Pacific towards the New Millennium. In this study, they have discovered that traditional roles of the business sector in higher education are to provide scholarships and educational loans to students, provide space for students' internships, advise universities on the curriculum, and employ the graduates. According to them again, in later part as the country develop, the business sector in Malaysia has become key players in delivering higher education. In this case, business sector's involvement in higher education complements the role of public universities in producing skilled manpower.

Besides that, Ahmad M Ayob and Noran F Yaakub argued that business sector's participation in higher education arena reflects a changing socioeconomic and political development in the country. Both researchers have also further commented on the factors to be considered in growth of private higher education in Malaysia. Rapid economic growth, the rapid growth of information technology (IT) globally and the government's plan to make Malaysia as a center of educational excellence in the Southeast Asian region are among the factors highlighted as contributing factors towards the growth of private higher education in Malaysia.<sup>4</sup>

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<sup>4</sup> Ahmad Mahdzan Ayob and Noran Fauziah Yaakob, "*The New Millennium: Business and Higher Education in the Asia-Pacific*", Paper presented at the ASAIHL Conference, Auckland Institute of Technology, New Zealand, 6-8 December 1999.

Those facts highlighted by Ahmad M Ayob and Noran F Yaakub on business of higher education in Malaysia, were further supported by the Education Quarterly (EQ), Malaysia's leading magazine on higher education. It has reported that, although many are unhappy with coupling the words 'education' and 'industry', the unavoidable fact is that education has become a business. The EQ highlighted that foreign students represent the 5<sup>th</sup> largest 'commodity' in US during year 1999. On the other hand, Australia and UK have emerged as market leaders in the globalisation of education. The report further concluded that, collaborative programmes are concentrated in Southeast Asia although similar arrangements are fast spreading to other regions of the world.<sup>5</sup>

On the other hand, Molly N.N. Lee has reported that corporatization and privatization of Malaysian higher education has also spurred the growth of private higher education in Malaysia. The report reflects concern about the government's intention on further developing the private higher education industry in Malaysia by implementing various policies and regulations.

According to Molly NN Lee, the most frequently cited rationale for corporatization of Malaysian higher education is the need to free the university from the cumbersome bureaucratic processes of the civil service. However, the real crux of the matter is that, over the past decades, with the introduction of universal secondary education, has come an increasing social demand for higher education that government has been hard-pressed to meet. As a way to overcome

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<sup>5</sup> *Education Quarterly*, "The Business of Education", April/June, 1999, p.46

this problem, the Malaysian government turned to the market for a solution, and to privatizing higher education by allowing them to enter into business ventures.

The report further concluded that besides the move to corporatize public universities, the government has relaxed restrictions on the establishment of private institutions of higher learning. Therefore, during 1990s, there was a rapid expansion in the number and types of private colleges, in student enrollments, and in the scope of courses offered. It shows that the private higher education sector has been very innovative in adapting to rapidly changing student demand and public policies on higher education.<sup>6</sup>

In many parts of the world today, especially the rapidly developing countries such as Malaysia, higher education sector is faced with the crisis of how to cope with changes and meet new challenges. The changes are induced by rapid development, industrialization and of late, the onset of the Information Age and the emergence of a Knowledge Society, all of which put new demands on individual as well as institutional roles and performances. In response to such changes and challenges, higher education in Malaysia in recent years has undergone fundamental reforms in terms of both its policy and orientation to groom a human resource base for long term and sustainable economic growth and global competition.

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<sup>6</sup> Molly N. N. Lee, *Corporatization and Privatization of Malaysian Higher Education*, School of Education, University of Science Malaysia, International Higher Education, 1998.

Therefore, higher education has been given high priority and much attention. For example, under the Seventh Malaysia Plan (1995-2000), a massive allocation of RM10.1 billion or 15.4% of the total public development fund under the plan has been set aside for education and training, compared with 13% under the Sixth Malaysia Plan. This high allocation for education is an indication of the government's commitment to increase access to education and improve its quality for the benefit of all Malaysians.<sup>7</sup>

Another interesting study was conducted by Siowck-Lee Gan and Azahari bin Ismail, which was tabled as a working paper presented at the ASAIHL Seminar on New Trends and Market Mechanisms in Higher Education. According to their findings, to propel Malaysia into the 21<sup>st</sup> century and to equip the nation for the attainment of the various aspirations, inter alia, vision 2020 and the Multimedia Super Corridor (MSC) Project, the rapid and timely reform of higher education is a requirement. This report has attempted to examine some of the trends and market mechanisms in higher education in Malaysia in relation to recent education reforms.

Among the new trends and market mechanisms that have been highlighted by Siowck-Lee Gan and Azahari bin Ismail in their study are the introduction and subsequent implementation of legislation over the last two years and liberalization of Malaysian education policy with the establishment of distance learning

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<sup>7</sup> Six Malaysia Plan (1989-1994)  
Seventh Malaysia Plan (1995-2000)



programs as well as franchising public universities' programs to private colleges, which reflected the democratization of higher education. It concluded that these trends towards closer cooperation with the private sector creates a win-win situation that benefits all parties and at the same time encourages the participation of the private sector as well as foreign universities from all over the world.<sup>8</sup>

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<sup>8</sup> Siowck-Lee Gan and Azahari bin Ismail, "*New Trends and Market Mechanisms in Higher Education*", Paper presented at the ASAIHL Seminar, Jakarta, July 1998.