

Chapter 3: Evolution of Private Higher Education

A detailed study on the growth and development of private higher education in Malaysia is undertaken in this chapter. The issues to be discussed include the development of private higher education, types of private higher education, and the demand from the market and also the factors for the growth of private higher education in Malaysia.

3.1 Development of Private Higher Education

Private education has undergone a major transformation since the sixties. It is not new in Malaysia. It started as humble tuition centers for dropouts and major examination year students, independent Chinese schools, typing or secretarial schools and trade schools. But today, private education is available at almost any educational level.

1960's

In the 1960s, due to the public school system, which was selective, has help to give a boost to the private sector. The majority of the private schools offered a second chance for the students who have interested in further their study on higher education and had been forced out from the mainstream through rigorous selection examinations. Thus, this has created the demand for commercial studies and courses leading to sub-professional qualifications granted by overseas institutions were offered.

1970's and 1980's

In the 1970's, the dropouts from the public schools dwindled as the school system strived towards universal secondary education. Thus the private sector has shifted their emphasis to pre-university courses because selection for such courses at the state-run schools continued to be very competitive.

In 1971, under the Universities and University Colleges Act, it does not allow any private institutions to confer degrees, but restrict them to diploma courses and degrees conferred by foreign universities through twinning programmes.

Box 3.1: Statutory Limitations on Private Provision of Higher Education under the Universities and University Colleges Act 1971:

- 5** No higher educational Institution with the status of a university shall be established except in accordance with the provision of this Act.
- 23(1)** No person shall establish, form or promote or do anything or carry on any activities for the purpose of establishing or forming or promoting the establishment or formation of a university or university college otherwise than in accordance with the provision of this Act.
- 24(1)** No person shall establish, manage or maintain a higher educational with the status of 'university' or 'university college' unless it is a higher educational institutional established in accordance with the provision of this Act ¹¹.

With the implementation of the Universities and University Colleges Act 1971, it has created a quota system to be imposed to public universities and university colleges. This has restricted the places for the non-bumiputeras. A lot of the parents, especially the non-bumiputeras, that can afford the higher education tend to send their children to overseas to further their studies and it has been a trend since then.

Besides that, the private institutions find it hard to offer courses with the degree status and therefore the private education sector has to be very innovative in adapting to the rapid changing student demand and public policies on higher education. They even forged institutional links with foreign universities to offer various types of degree and professional programs.

The growth of the private colleges during the 1970's are more emphasised to courses such as pre-university courses, commercial and sub-professional courses and technical-related courses.

As the transformation of Malaysian economy from agriculture to manufacturing and services sectors, many demand for labor workers especially the skilled and technical manpower. This lead to high demand on commercial and sub-professional courses offered by the private sector.

Furthermore, the successful democratization of primary and secondary education resulted in increasing demand for tertiary education in the late 1970s. Hence, in 1980's, there is a phenomenal growth in private education especially at the post-secondary level and private education also covers a whole range of professional, technical, and managerial courses at various education levels.

¹¹ Doh, 1986, p.15.

1990's until now

The 1990's saw a rapid expansion in the numbers and types of colleges, in student enrolments, and in the scope of the courses offered. The enrolment at private tertiary institutions has increased from 15,000 students (9.1 percent) in 1985 to 127,594 (34.7 percent) in 1995 (Table 3.1). Compared to the public sector, which stagnate around 50 percent of the student enrolment, the private institution saw a tremendous increment.

Table 3.1

Estimates of total numbers of students at the tertiary level, 1985-1995

Types of Institutions	Student enrolments					
	1985		1990		1995	
Public institutions	86,33	52.50%	122,34	53.0%	189,02	51.5%
Overseas institutions	63,00	38.30%	73,00	31.6%	50,80	13.8%
Private institutions	15,00	9.10%	35,60	15.4%	127,59	34.7%
Total	164,330	100.00%	230,940	100.0%	367,214	100.0%

Source: Lee (1999b)

The commercialisation of higher education began in early 1990s. Stamford College has been the pioneer in this new evolution. Stamford College have a unique double role of setting the trend for ownership patterns and also paving the way towards public listing of private colleges. The restructuring starts with the Perreira family from Singapore selling off their entire stake in Stamford Malaysia for RM29 million whereby this has lead to the growth of the private education in Malaysia¹². This is because the change of ownership and the corporate restructuring that took place in Stamford set the trend for the elevation of education as big business. This further changes the ownership patterns in the private education sector.

¹² Malaysian Business, 12 June 2000.

After commercialisation of private institution took place, Stamford College make a new evolution by listing it's institution on the Kuala Lumpur Stock Exchange in 1994 and this was later followed suit by Inti College and Systematic College. As there are promising prospects for private education and training, more and more become the listed corporation.

Table 3.2

Listed Corporation and Its Colleges

Listed Corporation	Colleges
Sungei Way group	Sunway College
MBF	Taylor's College and Garded School
Paramount Berhad	Kolej Damansara Utama
Melewar Corporates	Mahkota College
See Hoy Chan group	Kolej Bandar Utama
Selangor Properties	HELP Institutes

Another development that is beginning taking shape nowadays is the construction of private colleges within new townships. The early trendsetters were the likes of Sunway College in Bandar Sunway and Kolej Bandar Utama in Bandar Utama, Damansara. These townships do not revolve around only colleges. They also contain residential houses, office complexes and shopping centres.

The more established private college could cater more for the formed education type. Investment is heavy and it will take 3-5 years to recoup, depending on efficiency of management¹³. The educational services should look beyond programmes of basic education such as consultancy, training, certification and research. These services should be sensitive to market trends, industrial needs and national needs. Thereby enabling them to better manage the programme.

Nowadays, the regulation has been more relaxed under the Private Higher Educational Institutions Act 1996 whereby it makes provision for the establishment of private universities, university colleges, branch campus of foreign universities as well as the upgrading of existing colleges to universities. It is hoped to inject more liberalisation of higher education in the country to meet the increasing demand for tertiary education and at the same time produce highly educated and skilled manpower.

This has enabled the private sector to establish degree-granting institutions and further increase enrolment and output at the degree and diploma levels. The emergence of the new three private universities: UNITAR, University Telekom and University Petronas Malaysia, provide us the evidence of change in the higher education sector.

¹³ Interview with colleges.

This has raised the issue of quality in the private higher institutions. Concerns have been raised as to whether the quality of programs measured up to level of the particular university? As to ensure the quality of private higher education, a National Accreditation Board was established to provide guidelines and standards for quality control. Under the National Accreditation Board Act 1996, it provides the setting up of a board to ensure the high academic standards, quality and control are maintained in both public and private higher education institutions.

Furthermore, the government also encourage the usage in other languages, particularly the English language which is recognized as an international and commercial language besides improve the usage of Bahasa Malaysia as the medium of instruction in line with the national policy. This has also increases the demand for private higher institution especially from the parents who pays more attention to English languages as an important tool of knowledge.

Even though the main motive of the private education is to gain as much profit and possible knowing that there is a huge market for the higher education, and yet it also helps to provide sufficient manpower to the needs of the country. The private sector has been very innovative in adapting to rapidly changing student demand and public policies on higher education and creating new types of programs such as the twinning programs, credit transfer programs, joint programs and others.

The competition among the colleges can in some way help to assure the quality of the colleges. If the students wish to further their study, they have to concern about the facilities and the courses of their interest, but also to question the quality of the private institutions. Therefore, no matter how good the courses sound or how well the facilities are provided, this type of college cannot withstand a college which has a better quality courses and manpower. This is why the competition among colleges will be focus on quality and the quality control of the private institutions will ensure the quality of college.

As private education industry steadily emerges to become a highly competitive and strategic industry in Malaysia. Over the years, the industry has not only improved significantly its professional competence and ethical practices but also has attracted both the local corporate sector to diversify its activities in private education and prestigious foreign universities to establish their working relationship with prominent private educational institutions here. Together, they are contributing towards making Malaysia a centre for higher learning and language learning in this region.

3.2 Types of Private Higher Education Institution

Usually, when we think of private higher institutions, we will be thinking of the profit-oriented institutions. But there are non-profit private institutions in Malaysia. Therefore, we diversify the private institution into two types consists of profit-oriented and non-profit institutions.

The non-profit private institutions usually been set up by foundations(e.g. Selangor Foundation, Perak Foundation), Charitable organisations (e.g. La Salle Brother, Methodist Church), and also those established by political parties of Barisan National Government (MIC's TAFE College Seremban, MCA's Kolej Tunku Abdul Rahman and UMNO's UNITAR.

There are several types of profit-oriented private higher education institutions:

1. Individual-owned institutions such as the Limkokwing Institute of Creative Technology, Metropolitan College and Prime College);
2. Well established private colleges with excellent track records and international connections (e.g. International Medical University, and Sedaya College).
3. The large corporations or organizations closely linked with the government- e.g. University Tenaga Nasional (UNITEN), Multimedia University (University Telekom) and University Teknologi Petronas (UTP).
4. The institutions established by large corporations that are public listed companies (e.g. Sunway College of Sungai Way Group, Kolej Aman of Talam Corporation Bhd, KBU of the First Nationwide Group, The Bandar Utama township developer).
5. Local branches of foreign universities (e.g. Monash University Sunway Campus, Curtin Univerity of Technology Sarawak Campus, University of Nottingham in Malaysia).

3.3 Demand of Private Higher Education

3.3.1 Demand

The demand for higher education by Professor Yang's can be summarized as follows:¹⁴

$$ENRV_t = g(TFV_t, Y_t, WAGE_t, UR_t, TFU_t)$$

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$ENRV_t$ = Total enrolment in private institutions of higher education

TFV_t = Average undergraduate tuition and fees, room and board paid by student in private institutions of higher education

Y_t = Disposable income

$WAGE_t$ = Average wage rate

UR_t = Unemployment rate

TFU_t = Average undergraduate tuition and fees, room and board paid by student in public institutions of higher education

subscript t in each variable refers to year t .

The tuition fees itself affects the enrolment of the student. This cost of education itself has a negative relationship with the enrolment of private higher institutions. This is because the higher cost of education will make higher education less affordable. The rise in tuition fees will decrease the enrolment and diminution in its demand and vice versa.

¹⁴ Yang, 1998.

As for the income variable, it has a positive relationship with enrolments. This variable is a source of funds to purchase higher education. Thus an increase in income, it will create more ability for the individual to purchase education and thus the enrolment will be increased. Even though so, rising income may also cause a shift from attending lower-priced public institutions to attending higher-priced private institutions and it may also cause a shift on the part of some of those who would have been in the market in any case to the private institutions¹⁵.

Wage rate has served a proxy for the opportunity costs of attending colleges. If the wage rate is high, the enrolment to study is low. The students rather work than continues their study in higher education. Not only they project that the wage they can earn nowadays is high and if they sacrifice this opportunity to study, the cost is very much higher compare to what they expect to earn in the future.

The unemployment rate also affects the enrolment of the students. When unemployment rate is low, it is easier to get a job rather than attending colleges and vice versa. Therefore, it has a positive relationship with enrolment.

Finally, the relationship of the tuition fees at alternative institution especially public institution is positive. Thus is more of the case of goods substitution. As the tuition at alternative institution (preferably to public institution) rises, this will make the enrolment at the private institutions under consideration more attractive. Even though so, this situation does not match to the Malaysia version whereby the fees in the public institution are much cheaper (even though after the corporatisation of public institution)

¹⁵ Yang, 1998

than the private institution. If it is known as substitution goods, it doesn't match the market for the higher education in Malaysia.

The model presented here is in general terms. Due to the difference in the specification, type of data, level of aggregation, method of estimation, and the time period; it has caused difficulty in estimating the model using econometrics. Further more, there are also issues like the specification of the model, functional form, parameter stability, and time series properties of aggregate time series data. What the paper tends to attempt is to examine how and why parameters discussed affects the demand of higher education.

There has been a fast growth of economy in Malaysia, but the continued high growth will be hindered by manpower constraints, both in terms of quality and quantity, in which its has caused foreign investors give it as a major reason for not investing in Malaysia. There were high demands for labour workers especially the skilled and technical manpower. With the increase of the demand for skilled labour in conjunction with the severe shortage, thus create the situation for the education to play its role especially the private education in providing knowledge to solve the manpower problem.

According to John Vaizey (1973), The rise of the child population would be one of the factors that contribute to the demand of education in a country. This is the most important factor especially for the developing countries. As the developing countries come to be developed, the quality of life has been improved, thus decreases the mortality rate of children. Therefore, the child population has risen in many countries. In the Malaysia case, the population of children had been increased from 2.8 billion in 1994 to 3

billion in 1998 (Table 3.3). Once the population has increase, therefore, the demand for higher education also increases in the future.

Table 3.3

Enrolment Rate in Government and Government-Assisted Educational Institutions by Level of Education in Malaysia, 1994-1998

Level of education and Age Group		Year				
		1994	1995	1996	1997	1998
Primary 6+-11+	Enrolment	2762168	2827627	2817623	2851750	2861941
	Population	2838800	2923100	2981100	2992091	3010678
	Enrolment rate	97.31	96.73	95.15	95.31	95.06
Lower secondary 12+-14+	Enrolment	1073571	1119688	1153835	1190834	1243071
	Population	1295100	1357800	1391000	1423682	1451968
	Enrolment rate	82.89	82.46	82.95	84.28	85.61
Upper secondary 15+-16+	Enrolment	435185	469696	527746	571758	614093
	Population	789900	842400	870200	894054	920959
	Enrolment rate	55.09	55.78	60.65	63.95	20.95
Post secondary & College 17+-18+	Enrolment	171075	186402	185535	173497	185786
	Population	772200	802700	833900	857870	888859
	Enrolment rate	22.15	23.22	22.25	20.23	20.95
University* 19+-24+	Enrolment	78686	85634	100041	116379	141059
	Population	2141100	2315700	2409800	2409800	2522257
	Enrolment rate	3.68	3.70	4.15	4.72	5.59

* Excluding pre-University enrolment

Source: Malaysia Educational Statistics 1998

Along side with this, the rate of increase in family size tends to slow down whereby people begin to accumulate a little surplus over subsistence and they can make a choice. Their first choice is for more education for themselves and their children. This demand also based upon political and social belief in education. As the activity of child labour has been eliminated by the legislation of child enforcement and the setting up of primary school for children whereby the children need to be provided the primary

education, this has create the atmosphere for increasing demand for education as well as higher education. Students with primary education will continue their study to secondary education and higher education.

Besides that, the government policy plays an important role of creating demand for higher education. For example, when the Malaysian government decided to replace the SRP with PMR, this has enable more students to continue their study in Form four helps to create a situation whereby after the students graduated from their secondary schooling, they tend to further their studies. The problem arises when the public universities cannot afford to sustain all the students in where there is quota rate and quality control of the intake of the students. Thus, private institutions become their first choice for them to further their study.

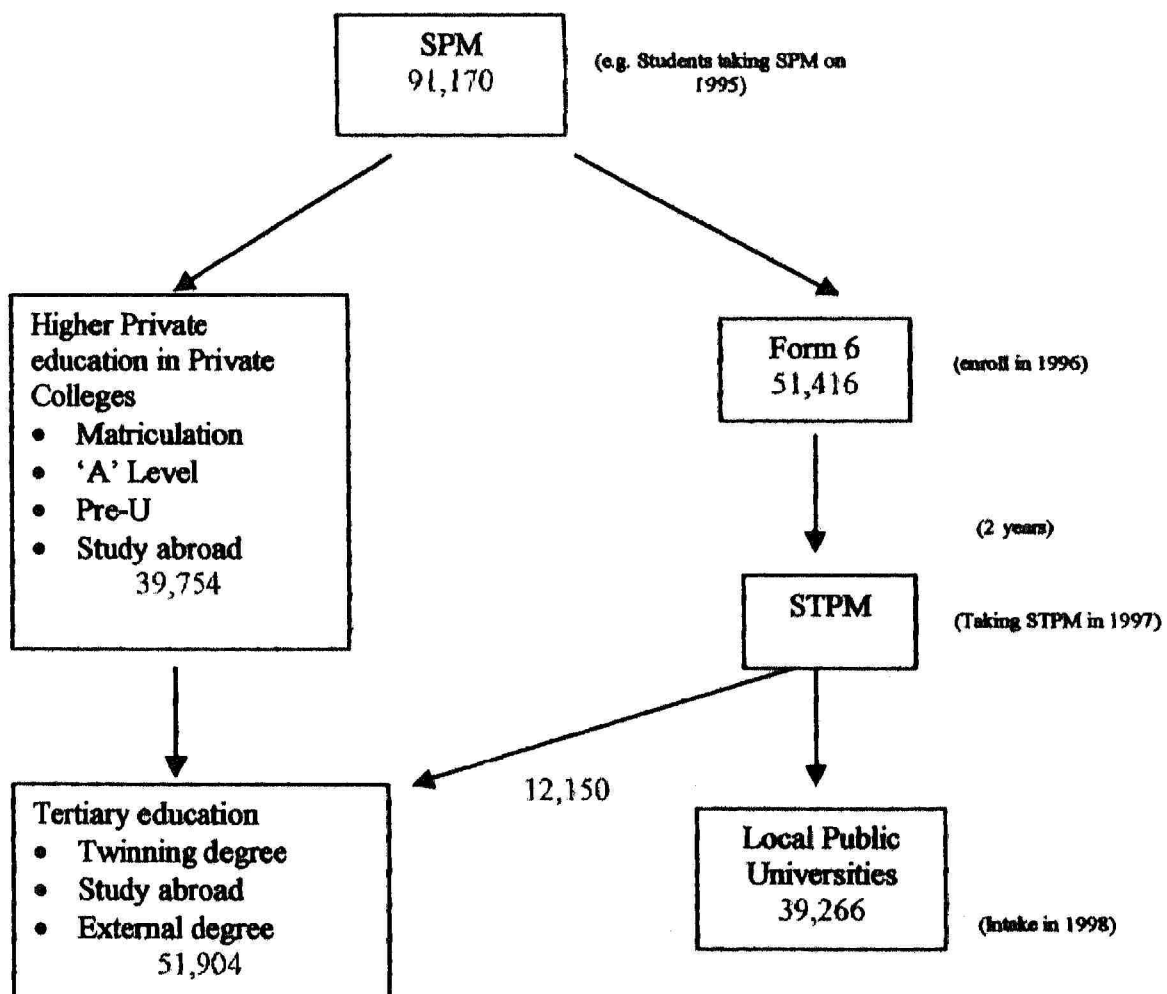
From the economic point of view, education is generating future increase of income. It is the stepping stone for the mobility of social class especially for the lower or poor social class whereby through education, it is not only help them to obtain a better job in the future but also increase their income and social status.

Thus, the effect of tuition and income is the largest in the determination of enrolment ratio at public institution than at private institutions. Even though so, the role of wage rate in the determination of demand as well as the determination of enrolment is somewhat mixed, while the role of unemployment rate is unambiguously positive.

3.3.2. Estimating Excess Demand for Higher Education

In Malaysia, students who have completed the SPM (Sijil Peperiksaan Malaysia) examination will continue their studies in public or private education institutions. Typically, a student secures a place in a local public university based on his/her STPM (Sijil Tinggi Peperiksaan Malaysia) examination results. Hence, if we assume that all the students enter local public universities through the sixth form examination (STPM), we can estimate the excess demand for public higher education (see Figure 2).

Figure 2: Demand for Private Higher education



With the assumptions:

1. SPM students referred here is the student that obtain grade 1 and 2 result
2. SPM students are qualified to further their study in Form 6.
3. All the SPM students that did not further to Form 6 go to the private institutions.
4. Form 6 students must take STPM in order to get into the public university.
5. All the form 6 students sit for the STPM exam.
6. All the STPM student passed the STPM exam.
7. The STPM students that did not obtain a place in the public universities will further their study in the private institutions.

After the SPM in 1995, there are 91,170 students (Table 3.4: Grade 1 and 2) in the market that will demand higher education. Even though so, there are only 51,416 students (Table 3.5) enroll in Form 6. Therefore, 39,754 students will flow into the private institutes.

As for the students who choose to study in Form 6 have a risk to take which is limited place in the public universities. If we study in to the 1998 university intake, the path in which the students of 1995 SPM chooses to take, there are only 39,266 students were selected to study in the public universities (Table 3.6). Thus, the remaining 12,150 students (51,416-39,266) will continue their study in the private institutions.

Therefore, if we accumulate the total students (both from the SPM and STPM leavers) that went in to the private institutions to further their study of higher education, we can estimate that there will be 51,904 students demanding for higher education (just

the degree course, which do not including the certificate or diploma courses) in this period. This estimate, which is likely to be on the high side, indicates that about 57 percent of the total demand for higher education in the country could not be met by public universities.

Table 3.4

SPM Examination 1995 – Analysis of the Grade

	Student	Grades			Total
		Grade 1	Grade 2	Grade 3	
1995	192729	41492	49678	38229	129399
		21.5	25.8	19.8	67.1

Source: Ministry of Education

Table 3.5

Enrolment in Government and Government-Assisted Education Institutions by Level of Education in Malaysia 1996-1998

Level of Education		Population and Enrolment		
		1996	1997	1998
Post Secondary				
Form 6	Enrolment	51416	45772	47948
GCE'A' level	Enrolment	12		
Matriculation	Enrolment	14349	16585	20431

Source: Ministry of Education

Table 3.6

Intake of the Public Malaysian Universities 1996-1998

Level of studies	Intake		
	1996	1997	1998
Matriculation	8215	11059	11587
Non-degree Programme	51	25	44
Certificate	87	69	115
Diploma & Integrated	4148	4590	300
First Degree	27067	32220	30206
Post-Graduate Diploma	1827	1854	1877
Maesters	3467	5143	4877
Doctor of Philosophy (Ph.D)	334	620	520
Total	45196	55586	63125

Source: Malaysian educational Statistics (Various issues)

3.3.3. Supply

On the supply side, government envisaged that there would be 120,000 places for degree and diploma courses offered by the private sector in 1999¹⁶. Therefore, the private sector is providing more than enough places for the students to choose. This of course if we do not include foreign students' demand for private higher education in Malaysia.

Private higher education institutions that offer similar courses compete against each other because they are market driven. They depend mainly on student fees and are highly dependent on student enrolment even though they can generate income from other resources such as hostel and restaurant but it contributes only a minimum amount of income to the institutions. Attending to this, many private institutions tend to offer courses that are popular with students and easier to pass. Tuition fees also determine the

¹⁶ Mahdzan, 1999a.

demand for the courses. As customers, students tend to enroll in private institutions at which the tuition fees are lower and courses are for a shorter duration.

In order to survive in the private higher education business, the private institutions are aggressively promoting and advertising their institutions and courses offered. In their advertisement, the private institutions will try to draw the attention of the audience to the strength of their foreign partners, such as their rankings or their being accredited by such and such a body overseas. The advertisements play a pivotal role of the private institutions but if the private institutions strive to survive and play the game well, it will have to do more than just advertisement. The quality of the institutions will be questioned when a student wishes to study in that institutions and the words of mouth from one person to another is more effectively that advertisements. This is also one of the ways that a private institution ensures its quality. Once the market is there, they won't be afraid for the enrolment of the students to support their needs and supply some of the courses that is not market driven such as arts and literature¹⁷.

3.4 Factors for the Emergence of Private Higher Education

Recently, there has been rapid expansion of private education in Malaysia. This phenomenon has started in the early 1990 where there was a boom in the rising of private colleges especially in the urban centers. This has come about for various reasons include the ever-increasing demand for higher education, the limited number of places in local universities, and the greatly increased cost of overseas education and attitude of parents.

¹⁷ Interview with the colleges.

3.4.1 The Limited Number of Places

The existing capacity of institution of higher institutions is not sufficient to meet the higher demand for tertiary education. There were only 10 public universities. Even though the intake into the first-degree level courses increased from about 11,000 in 1990 to 17,000 in 1995, and yet the capacity of public local institution was limited. For every 100 qualified applicants only 50 being enrolled at degree level courses in the public local institution¹⁸. The excess demand for tertiary education is estimated to be 51,904 from the calculation above.

Besides that, the critical shortfall of places in public institutions can be seen from the huge difference between the number of applicants and actual intake into the local universities (Table 1). Therefore, the student who failed to secure a place in the public institutions will turn to the private institutions. On the average, only one out of four applicants is successful, the rest have to turn to local private colleges or go abroad and only 4.6 per cent of those in the age 19-24 is enrolled in a public institution of higher learning¹⁹.

¹⁸ Malaysia, 1996, p.315.

¹⁹ Mei Ling Young, 1993, p.7.

Table 3.7

Student Enrolment in Public Universities, 1965-1999

Year	Enrolment
1965	2,835
1971	11,529
1974	16,095
1982	33,291
1983	36,361
1984	40,401
1985	43,259
1986	48,655
1987	48,082
1988	51,077
1989	53,476
1990	58,266
1991	62,113
1995	79,330
1999	150,000

Sources: Madhzan (1999), *Higher Education and Socio-economic Development in Malaysia: A Human Resource Development Perspective*.

3.4.2 Courses Not of Their Interest

Not only do the students face the problem of securing a place in the public higher institution; they also face the problem of getting a course of their choice. These students even though manage to get their place in the local public institution but due to the academic result they obtained in the STPM or SPM and the quota limited by the public institutions, they got the courses not of their choice. These student found it hard to cope

in to the studies that they are not interested of especially for the science students that were offered a management studies that differs from what he or she has been studies over time. They took the course just to secure a sit in the public institutions. As for those who are interested in the field but did not get offered the course, he or she will turn to the private institution to further their studies.

3.4.3 Role of the Parents

There are parents who are more capable and earn high income prepare to pay far more by sending their children to private institution because of the quality of education and greater emphasis on English which is still the commercial language in the private sector. Besides that, the students tend to graduate earlier and go into the job market at the early age of 21. Compared to the public institutions, graduates tend to enter into the job market at the average age of 23 or 24.

3.4.4 Expensive Overseas Education

Over the years, overseas education has become a luxury in which only rich can afford. There are about 12,000 students studying in the United Kingdom and they are paying about £96,000 in tuition fees per annum²⁰. This is where private institution plays its role. Private higher institutions introduce various types of program linking it to other universities over seas to offer degree, diploma and other studies. These foreign-linkages come in the form of twinning degree programs, credit transfer degree programs, external degree programs, and joint programs. Many allow a student to study part of the program in a local private college before proceeding to the foreign university to complete the

²⁰ New Starits Time, 23 April 1993.

program. Upon completion of the program, the foreign university confers a degree. The main attraction among all the programs is the twinning program. It is the only program that is allowed to confer degrees according to the Higher Education Act ²¹.

A random survey shows that a student can save about US\$ 10,000 to US\$ 20,000, or 20 – 40 per cent less than doing the degree overseas²². Besides that, they also manage to save the cost of living by studying in private institution locally through the “3+0” program. The students can complete their foreign degree program without having to spend time on the foreign campus. Today there are 17 private colleges offering the “3+0” programs, most linked with Australian and British universities. A student can save between RM10,000 to RM50,000 in fees by doing the entire degree program locally²³. Even though so, the cost of studying in private institution is still higher compare to the public higher institution. It is about four or five times expensive than the public higher education²⁴.

3.4.5 Government policy - Supplying national workforce and reduce public expenditure on education

The liberalization of the country’s education policy for private sector participation reflects the importance placed by the government on the need to train and modernize our national workforce.

²¹ Kamal Salih, 1992, p.6.

²² Lee, 1994, p.163.

²³ Lee, 1999a, p.2.

²⁴ Massa, 6 December 1997.

As the demand for an educated and skilled workforce in tandem with the country's rapid industrialization, the development of tertiary education during the Seventh Plan period aim to increase private participation to supplement government efforts in expanding tertiary education opportunities, while at the same time helping to reduce growing public expenditure on education. Besides that, with the privatization policy, Malaysian government has encouraged a greater collaboration of private sector into education and training.

3.4.6 Forgone income

If the student wishes to further their study, they will consider not only the above factors, but also the cost of their forgone income if they choose to work. They will consider the situation of not getting a place in public universities and the worthiness of studying in the private institutions.

If a student chooses to further his or her study in the private sector to obtain a degree after STPM, the students may lost the average monthly income of RM 765.00 (Table 3.8), RM 9,180.00 per year and RM 27,540.00 for three years of studying. With assumption of that there were no experience gained through working and three years of working without promotion and if we include the cost of the tuition fees (for example, studying the Bachelor of Commerce under the '3+0' programme) RM 30,000.00. The total cost of further their study will be RM 57,540.00.

Therefore, as a degree holder, they will obtain the average monthly salary of RM 1,787.00 (Table 3.8), RM 21,444.00 per year and will be able to cover the cost of studying the degree course at the private institutions within 3 years. This is done with assumption that all the incomes are used to cover the cost while studying the degree course.

Therefore, it is still worthwhile for a student to further their studies in the private institution if they manage it. This is because the student not only manage to cover their cost within 3 years but also gain the high salary throughout their life.

Table 3.8

Minimum Basic Monthly Salary for Employees Recruited Without Working Experience

Qualifications	No. of. Resp.co	Minimum monthly basic Salary (RM)			
		Average	Lower quartile	Median	Upper Quartile
SRP	180	484	400	483	550
SPM	212	617	500	600	751
STPM	194	765	650	750	900
Vocational	195	887	742	900	1000
Diploma	202	1152	1000	1173	1300
Basic Degree	198	1638	1500	1600	1800
Basic Degree with Honors	174	1787	1800	1775	2000
Master Degree	107	2376	2000	2200	2500
Doctorate	27	3248	2500	3000	4000
Certified accountant	100	2738	2000	2500	3000
Chartered Engineer	60	2634	2000	2300	3000

Source: MEF Salary and Fringe Benefits

3.5 Conclusion

The private education has been playing its role since 1960's until now. Nowadays, we see a huge market demanding for the private institutions due to the limited places in public institution, which is the main reasons private institution to emerge. Even though so, there are also other factors need to be considered especially the cost of education and the forgone income before a student make it choice.