

Chapter 5: Economic Implication

Knowing that the private higher institutions have being mushrooming and to what extend this will implicate the economy of Malaysia? Therefore, this chapter tends to examine the impact to Malaysia's economic. First of all, the issues brought up are employment and manpower. It questioned the enrolment of students in science and technology in the private institutions by supplementing government of providing manpower of science and technology. Furthermore, it also mentioned about the job market for the students graduated from private institutions. Later in the chapter, the discussion continues with the impact of private higher education in inflow and outflow of foreign exchange – education as an import, export commodity, the costs saved from studying abroad and the chances of making Malaysia a centre for education excellence.

5.1 Employment and manpower

In the Knowledge Society of the information technology age, there is an urgent need to meet changing manpower demand to the shift of information and technology-based economy. Therefore, priority was given to education and training programmes, as educated and trainable human resources are essential for the achievement of higher productivity and improved competitiveness of the economy. Therefore, education and training programmes were directed at expanding capacity, improving quality as well as increasing accessibility at all levels.

As both public and private began to widen its courses and programmes to create interdisciplinary and multidisciplinary hybrid programmes to cater to students and employers' changing new demand. We will look into the impact of the private higher education in providing the various courses for students, the job market in Malaysia and analyse the private higher institution in playing their role of supplementing the employment needs in the country especially in Science and Technology.

5.1.1 Student enrollment and output of students of Science and Technology

In 1990, the total enrolments in public higher education institutions at the certificate, diploma and degree levels were 10,130, 32,020 and 58,440 respectively. It has increase from 10,590 (2.4%) in 1990 to 153,610 (3.1%) in 1995 and it is expected to increase to 251,090 (4.5%) in 2000 as shown in (Table 5.1). These figures do not take into account the number of students studying overseas which are about 52,000 and the enrolment in private education which totals about 35,600. There has been a change of stream in the enrolment of the students. The arts courses which contains 59 percent of the total enrolment in 1990 has decreased to 55 percent in 1995 and 49 per cent in 2000. As for the science and technical courses, the enrolment has increase from 41 percent in 1990 to 45 percent in 1995 and 51 percent in 2000 (Table 5.2).

The enrolment for the diploma level course for both arts and science and technical are quite equal but for the certificate level, there is a large gap. More students are enrolled in science and technical in this level. It consists of 83 percent in 1990 and 80 percent in 1995 and it is expected 76 percent in 2000. The enrolment trend does not change much but it enrolled more science and technical students compare to the arts students.

Table 5.1

Student Enrolment in Local Public Institutions 1990-2000

Level of Education	Enrolment						Increase (%)	
	1990	%	1995	%	2000	%	6MP	7MP
Certificate	10,130	10.1	17,808	11.1	21,290	8.5	68.6	24.6
Diploma	32,020	31.8	46,930	30.6	61,900	24.7	46.6	31.9
degree	58,440	58.1	89,800	58.3	167,900	66.8	53.3	87.4
Total	100,590	100	153,610	100	251,090	100	52.7	63.5

Sources: Seventh Malaysia Plan

Table 5.2

Enrolment and Output for First Degree Courses From Local Public Educational Institutions, 1990-2000.

Course	Enrolment						Increase (%)		Output			
	1990	%	1995	%	2000	%	6MP	7MP	6MP	%	7MP	%
Arts	31,220	59	43,610	55	70,970	49	28	63	38,270	58	54,090	50
Science	14,460	27	22,290	28	42,280	29	54	90	17,370	27	33,880	31
Technical	7,130	14	13,430	17	31,450	22	88	134	9,830	15	20,010	19
Total	52,810	100	79,330	100	144,700	100	50	82	65,470	100	108,080	100

Source: Seventh Malaysia Plan

Only 4.6 percent of the college age cohort enrolled in a public institution of higher learning. This enrollment rate is relatively very low when compared to other countries in the Asian Pacific region like Singapore (12 percent), Thailand (16 percent), Japan (31 percent) and Korea (38 percent).

With respect to the output from public institutions of higher learning, Arts graduates exceeded science and technical graduates. The total amount of output has increased from 65,470 students in Sixth Malaysia Plan to 108,080 students in Seventh Malaysia Plan. There were 58 percent of the first degree graduates in the arts stream compared with 63 percent in the Fifth Plan period and it continues to decreased to 50 percent in Seventh Malaysia Plan. More emphasis were put to the science and technical courses, the output of science and technical course has increased from 42 percent to 50 percent to have the same proportion as the arts course.

As for the diploma and certificate levels, the output produced from science and technical have a very significant percentage in Sixth Malaysia Plan and Seventh Malaysia Plan. The arts courses in diploma level only provide 47 percent in Sixth Malaysia Plan and 50 percent in Seventh Malaysia Plan compare to science and technical course. The gap is more widen in the certificate levels where arts courses only provide 26 percent in Sixth Malaysia Plan and 21 percent in Seventh Malaysia Plan compare to the science and technical courses each provide 74 percent and 79 percent respectively.

The Higher Education Planning Committee had determined that in order to achieve optimum socioeconomic development, the enrolment in higher education should be in the ratio 4:3:3 in arts, science and technology respectively. The ratio set is similar to what had been suggested by the Robbins Committee in the United Kingdom statistics when the enrolment ratio of 4.4: 2.8: 2.8. Looking at the 1995 enrolment statistics, the ratios are 5.5: 2.8: 1.7 where student enrolment in arts course still dominates and the Malaysian public universities find it hard to meet the objective³⁵.

In parallel with the Seventh Plan, the objective of education and skill training is to produce adequate number of skilled and quality workforce whereby the government encourages the private sector to focus their efforts and the provision of science and technology-based course in order to supplement the manpower needs. Therefore, the widespread of application of information technologies has to focus on the complex of education and training needed to handle such technologies. There is an urgent need to groom a productive and highly skilled labour force with strong ethics and commitment to excellence. Consequently, the education and training system has to upgrade skills constantly in line with emerging needs.

Thus, "the demand for professionals and technicians has increased in all countries, as their analytical, cognitive and behavioral skills equip them better to adapt to more sophisticated technology"³⁶. Advance schooling and technology education become important as more complex knowledge is tackled. Development human capital is needed

³⁵ Mahdzan, 1999b,

³⁶ Sanjaya Lall, 1999.

in order to sustain the growth of the country whereby the country cannot depend on the cheap labour in order to compete in the world market.

The private institutions have been trying to play their role of supplementing the need for science and technology. Engineering and technology (with the enrolment of students of 14.7 percent) as well as information technology and computer science (25.1 percent) share for about the same amount (39.8 percent) of the arts or social students (42.4 percent) (see table 5.3).

Table 5.3

Enrolment in First Degree Courses at Private Education Institutions, 1999

Field of Study	No. of Students	Percentage
Engineering and technology	4,083.0	14.7
Information Technology and Computer Science	7,001.0	25.1
Social Science	11,939.0	42.4
Others	4,851.0	17.1
Total	27,883.0	100.0

Note:

1. Enrolment for first degree course comprise of students undertaking "3+0" programs and other twinning programs
2. Data collected from 290 private institutes of higher learning as at 31 December 1999

Source: Ministry of Education.

Even though so, the enrolment of students does not meet the high demand manpower for science and technology of the country. The enrolment of students in engineering is low and not much of students enroll in the pure science or it is not even offered by the private institutions. The main reason to this is that most of the private colleges offer courses in the vocational, technical and technology category such as business and commerce, engineering and information technology. This is to meet the requirement of the Ministry of Education whereby the permits to set up private colleges will only be given if the colleges offer courses deemed desirable for economic development such as accounting, business, engineering, computer studies and others where it is more profitable and market driven.

Nowadays, private education covers a whole range of professional technical, and managerial courses available at various educational levels. Even though so, private education is expected to play an active role in non-university education by providing vocational or service programs which tend to be short, practical and specifically focused.

The peripheral private sector tends to take up those tasks that are neglected by the state, especially non-university post-secondary education such as vocational education and training for commerce and private industry³⁷. Besides that, there are also groups that established private institutions to serve their particular needs. Such institutions may be similar to universities, but in contrast to parallel private sectors, they are not given recognition and equivalent status.

³⁷ Lee, 1994, p.159.

1.2 Job market

In today's technology-driven world, general education is no longer very useful in helping one get a good job. There has been a phenomenon of emphasis on the quality of education, specialist education and skill training. The current economic climate of our country is very bright.

The major growth areas are expected to be in manufacturing, Wholesale and retail trade, hotels and restaurants (Table 5.4). As the trend continues, the prospects of securing a job in these sectors are good. Therefore the courses offered by the private institutions are very market driven especially in meeting the needs for business management and manufacturing jobs.

The development of technology as we all know is needed in manufacturing sector and thus it needs more technologically competent workforce. The job market for professional and technical skills is very high especially for high-quality scientist, technicians, engineers and managers. World wide, the entire information technology industry (software producers, network providers, telecommunication firms) is now facing a shortage of skilled workers³⁸. The vacancy for manufacturing sector is the highest among the sectors and its need for manpower has been increasing from years to years (Table 5.5).

³⁸ Gan, 1998.

Table 5.4

Gross Domestic Product by Industry of Origin, 1995-2000

Sector	RM million (in 1978 prices)			% of GDP			Average Annual Growth Rate(%)				
							7MP Target		1996-1997	1998	1999-2000
	1995	1996	2000	1995	1996	2000	Original	Revised			
Agriculture, Forestry, Livestock & Fishing	16,231	16,133	17,840	13.5	12.3	12.8	2.4	1.9	1.7	-4.0	5.2
Mining & Quarrying	8,979	9,553	9,786	7.5	7.3	7.0	2.3	1.7	2.7	0.8	1.2
Manufacturing	39,790	45,155	48,247	33.1	34.4	34.7	10.7	3.9	12.4	-10.2	3.4
Construction	5,385	5,086	4,912	4.5	3.9	3.5	10.2	-1.8	11.8	-24.5	-1.7
Electricity, Gas & Water	2,797	3,672	4,084	2.3	2.8	2.9	10.7	7.6	12.5	3.6	5.5
Transport, Storage & Communications	8,852	10,652	11,422	7.4	8.1	8.2	10.7	5.2	9.1	1.2	3.6
Wholesale & Retail Trade, Hotels & Restaurants	14,781	16,936	17,858	12.3	12.9	12.8	9.0	3.9	8.2	-2.0	2.7
Finance, Insurance, Real Estate & Business Services	12,938	16,945	18,957	10.8	12.9	13.6	10.2	7.9	12.0	4.4	5.8
Government Services	11,454	12,953	13,739	9.5	9.9	9.9	4.2	3.7	5.1	2.4	3.0
Other Services	2,476	2,951	3,182	2.1	2.2	2.3	9.0	5.1	7.8	2.5	3.8
(-) Imputed Bank Services Charges	8,503	12,355	14,656	7.1	9.4	10.5	9.5	11.5	16.3	7.5	8.9
(+) Import Duties	5,090	3,577	3,760	4.2	2.7	2.7	2.7	-5.6	6.4	-36.0	2.8
GDP at Purchasers' Value	120,272	131,268	139,145	100.0	100.0	100.0	8.0	3.0	8.2	-6.7	3.0
Adjusted for Import Duties less Imputed Bank Services Charges											
Sector											
PRIMARY	24,514	24,076	25,823	20.4	18.3	18.4	2.1	0.9	1.5	(4.7)	3.2
SECONDARY	43,963	47,092	49,305	36.6	35.9	35.4	10.3	2.3	11.6	-14	2.3
TERTIARY	51,833	60,090	64,217	43.1	45.8	46.2	8.4	4.4	8.2	-0.9	3.4

Source: Mid-Term Review of The Seventh Malaysia Plan, 1996-2000

Table 5.5

Malaysia: Vacancies Reported to the Manpower Department by Sector, 1994-1998

Sector	1994	1995	1996	1997	1998
Agriculture, Forestry, Hunting & Fishing	6,087.0 10.6	2,098.0 3.6	1,993.0 3.5	1,855.0 2.9	5,231.0 7.0
Mining and Quarrying	119.0 0.2	271.0 0.5	122.0 0.2	109.0 0.2	188.0 0.3
Manufacturing	32,101.0 55.9	36,237.0 62.0	36,107.0 62.8	40,645.0 63.1	52,159.0 69.9
Electricity, Gas and Water	146.0 0.3	71.0 0.1	178.0 0.3	200.0 0.3	122.0 0.2
Construction	2,491.0 4.3	2,953.0 5.1	2,755.0 4.8	3,785.0 5.9	2,156.0 2.9
Wholesale and Retail Trade, Restaurant and Hotels	5,120.0 8.9	6,047.0 10.4	6,159.0 10.7	6,420.0 10.0	5,281.0 7.1
Transport, Storage and Communication	1,881.0 3.3	1,660.0 2.8	2,245.0 3.9	2,555.0 4.0	1,066.0 1.4
Finance, Insurance, Real Estate and Business Services	3,266.0 5.7	3,779.0 6.5	3,264.0 5.7	3,868.0 6.0	3,070.0 4.1
Other Services	6,199.0 10.8	5,296.0 9.1	4,716.0 8.2	5,026.0 7.8	5,337.0 7.2
Total	57,410.0 100.0	58,412.0 100.0	57,539.0 100.0	64,463.0 100.0	74,610.0 100.0

Source: Manpower Department, Ministry of Human resources

The job market for the sector manufacturing which is high for the past few years and it still remain so in the country whereby it needs more workers compared to other sectors such as agriculture, construction and others (Table 5.6). Employment in the manufacturing sector grew at an average rate of 3.8 per cent per annum, generating about 243,900 new jobs. While unemployment grew rapidly at 7.7 per cent during the first two years of the Seventh Malaysia Plan period, there was an absolute decline in employment from 2.4 million jobs in 1997 to 2.3 million jobs in 1998 as a result of the contraction in

the manufacturing sector. However, the sector continued to face labour shortages based on requests from firms to recruit 73,770 foreign workers in 1998³⁹.

Table 5.6

Malaysia: Employment by Sector, 1995-2000

Sector	1995	1998	2000	Average Annual Growth Rate(%)				Net Job Creation	
				7MP Target		1998-1999	1999-2000	1998-1999	1999-2000
				Original	Revised	1998	2000	1998	2000
Agriculture, Forestry, Livestock & Fishing	1,524.0	1,433.4	1,426.5	-3.6	-1.3	-2.0	-0.3	-90.6	-7.9
Mining & Quarrying	37.8	39.0	39.4	1.8	0.8	1.1	0.5	1.2	0.4
Manufacturing	2,081.4	2,305.3	2,435.2	5.0	3.4	3.8	2.8	243.9	129.9
Construction	711.1	726.7	757.0	5.1	1.3	0.7	2.1	15.6	30.3
Electricity, Gas & Water	65.5	77.3	82.2	4.0	4.6	5.7	3.1	11.8	4.9
Transport, Storage & Communications	399.2	438.4	458.2	5.1	2.8	3.2	2.2	39.2	19.8
Wholesale & Retail Trade, Hotels & Restaurants	1,314.2	1,436.4	1,491.6	2.1	2.6	3.1	1.8	124.2	53.4
Finance, Insurance, Real Estate & Business Services	374.5	416.4	449.1	4.8	3.7	3.6	3.9	41.9	32.7
Government Services	869.5	875.0	879.0	0.5	0.2	0.2	0.2	5.5	4.0
Other Services	686.7	787.6	853.2	6.3	5.1	5.7	4.1	121.1	65.4
Total	8,023.9	8,537.7	8,870.6	2.6	2.0	2.1	1.9	513.8	332.9
Labour Force	8,256.8	8,880.9	9,194.0	2.6	2.2	2.5	1.7		
Local	7,404.1	8,026.5	8,444.8	2.7	2.7	2.7	2.6		
Foreign	852.7	852.4	749.2	3.7	-2.6	0.0	-6.3		
Unemployment	232.9	343.2	323.3						
Unemployment (%)	2.8	3.9	3.5						

Source: Mid-Term Review of The Seventh Malaysia Plan, 1998-2000

³⁹Malaysia, 1999, p.101

In conjunction with the development of technology, computer has been widely used either in firm or household and yet become a part of every industry's operations. In terms of administration, technologies have already begun to be harnessed to provide more responsive, user friendly, easy-to-administer system for the full range of administrative process. Thus, a lot of programme offered by the private institutions includes of computer courses such as programming, computer science, and computer engineering and information technology. There were 7,001 students enrolled in the private institution undertake the course of information technology and computer science (Table 5.3).

Besides that, there had been demand from all level of workforce. Those who undertake the computer course are not only from them who wish to succeed to be professional in it but also those who worked in the administration or management field. Both technology and management supplement one another in nowadays job market. In other words, one has to undergo management courses and when taking professional course such as computer science and vice versa in order to be competent in the job market.

Therefore, many private colleges were established with the primary purpose of imparting computer knowledge and skills that were in high demand in the private sector. Furthermore, the job market for the student who applies the information technology or computer course widen when Malaysian government announced the development where information technology companies from all over the world will be housed and given the tax breaks to carry out their business there. This will generate more job vacancies for the student taking science and technical course.

5.2 Inflow and Outflow of Foreign Exchange

As the country facing the economics crisis and the devaluation of the ringgit against the USD and sterling, the foreign exchange rate has increased the cost and the burden for the student to study abroad. It had resulted more demand of students having to study locally instead of in foreign universities overseas. Furthermore, due to the liberalization of the education policy for private higher education, in which the Ministry of education approved some foreign degree programmes to be carry out locally. Together, local and private universities jointly announced an allocation of 2305 places for Malaysian students abroad who wished to return to resume their education locally ⁴⁰.

The franchised programmes with a foreign partner to confer degrees is seen helps to prevent the outflow of funds through various programmes including twinning program, credit transfer program and advance standing program. Not only that, it also help to facilitate Malaysia to attain its goal of becoming the centre for educational excellence since that the private institutions can assume a major role in internationalising Malaysian education. Furthermore, it is expected that more foreign students will come to further their studies in Malaysia, thus contribute foreign exchange and inflows of funds in to the country. In conjunction with this, the Ministry of Education has approved the application of 282 private universities and colleges to operate in the country with the hope that there will be more variety of choices for the foreign students as well as the local students to choose.

⁴⁰ Nalliah, Mildred and Thiagarajah, Rosy, 1999, p.98.

5.2.1 Saved cost

As far as student flows are concerned, over the years Malaysia has always being a sending rather than a host country and the overseas expenditure has contribute to the services deficit. In 1995, about 50,600 students had been studied overseas⁴¹ and the amount has been increasing over the years except for the time during the crisis. There were more Malaysians studying abroad compared to the foreign students studying here. Surveys show that some 60,000 students venture abroad for further studies spending some RM2.5 billion. As of September 1993, there were 13,718 Malaysian students (out of 449,749 foreign students) studying in the United States⁴².

Furthermore, in many countries, foreign students that study there are required to pay full tuition fees for their courses as all state subsidies had been removed a long time ago. Therefore, if the courses were done locally, it will save quite an amount money out of it especially after the economic crisis. From the total cost for the entire course, one can save between RM 99,233 to RM 148,663 (Table 5.7) by studying in Malaysia.

⁴¹ New Straits Times, 21 May 1997.

⁴² New Sunday Times, 2 April 1995.

Table 5.7

Comparison of Education Cost between Australia, United States, United Kingdom and Malaysia

Items	Cost (In RM)			
	United States (4 years)	United Kingdom Hons in 3 years)	Australia Monash University (3 years)	Malaysia Monash Branch Campus (3 years)
Tuition Fees	40,741	39,375	34,272	21,000
Living cost	17,778	31,250	28,800	9,600
Health Insurance	1,074	free	657	200
Total cost per annum	59,593	70,625	63,729	30,800
VISA fees	741		716	270
Total cost for entire course	241,333	211,875	191,903	92,670

Source: * British Campus Council leaflet (exchange rate at 24 November, 1998)

: ** Monash University Surway Campus Malaysia⁴³

After the crisis, the students were either return home to continue or to obtain their degrees locally. There are about 2,000 students have already had to return from overseas to complete their studies in local universities. Since then, the number of Malaysian students that going abroad to further their studies has dropped in conjunction with the attenuate of Bumiputera scholars sent abroad. An Australian Newspaper has reported an 80 percent decrease in student visa applications from Malaysia between May 1997 and May 1998. Students studied in the United Kingdom had dropped from 18,000 in 1997 to between 12,000 and 14,000⁴⁴.

⁴³ www.StudyMalaysia.com

⁴⁴ Lee, 1999.

This has resulted in a rush becoming a stampede for seats in local universities. The jostling for places has been made a little more intense because of an important feature in public institutions of higher learning in Malaysia due to the quota system. This raises the problem of high demand and yet not enough supply from the local higher institutions. The private sector will be playing the role of filling in the gaps to offer the places for the over-increased student demand. If the situation is not taken seriously, it may result a fees increment in the education sector.

Therefore, the number of local private universities and colleges emerge vastly for the last few years. There were none of the private universities in 1995, but now it has increased to 6 in 1999. Out of the 6 private universities, three of these universities are actually run by the government corporations such as Petronas, Telekom, and Tenaga. One of the main roles they have to play in this crisis moment is to expand their admissions especially to accommodate students returning from overseas. For example, the University Telekom has increased its admissions from 300 in 1997 to more than 1,000 students the following year⁴⁵. This has helped to solve the over access student coming back from abroad but it has also generated some problem that need to be paying attention for. Are there enough facilities to accommodate the students? Is the manpower to teach sufficient?

Nowadays, there are 26 private colleges offering the "3+0" program (Table 4.2) with most of them were linked with Australian and British universities. The most obvious benefit of twinning degree is that one can save between RM 5,000 to RM 15,000 on tuition fees alone. The student can save in living expenses such as room and board,

⁴⁵ Ibid.

transport, clothing, books and supplies and personal expenses if they choose to study locally compared to study in foreign countries. They can save the living expenses between US\$ 9,000 to US\$ 12,500 per year if they study in United States or A\$7,000-A\$10,000 if they study in Australia and £7,000- £9,000 if they study in United Kingdom NZ\$8,000-NZ\$10,000 study in New Zealand (see Table 5.8).

Although these costs may still be beyond the reach of the lower-income group, it nevertheless opens the opportunities for students coming from the middle-income group to pursue a degree, which may otherwise be out of their reach.

Table 5.8

Cost of Living Expenses in United States, Australia, United Kingdom and New Zealand.

Country	Cost of Living Expenses
United States	US\$ 9,000-US\$12,500
Australia	A\$7,000-A\$10,000
United Kingdom	£7000- £9000
New Zealand	NZ\$8,000-NZ\$10,000

Source: www.StudyMalaysia.com

Besides that, student can also save a lot compared study under the twinning programme and it is also cheaper compared study at the private local universities. The total tuition fees in the private colleges range from RM 18,000 to RM 28,000 to complete the entire degree depending on the field of study⁴⁶. Even though so, some student still prefer the foreign qualification and willing to pay more for it. The quality of the different private colleges may be variable and it is also one of the factors for the student to choose the foreign studies.

5.2.2 Centre for Education Excellence

Another positive spin-off from the economic crisis and a sharp increase in the number of foreign students studying in Malaysia. In 1998, 11,733 foreign students were studying in 12 institutions of higher learning, compared to 5,635 in 1996⁴⁷. Higher education, especially university education, is being viewed as an industry just like any other economic activity. The market for higher education is big and if one takes into account the recurrent expenditure on facilities and manpower to support institutions of higher learning and the provision of scholarship, as well as private spending on education, both locally and overseas. The Malaysia educational market is worth about RM3 billion annually⁴⁸.

⁴⁶ Ibid.

⁴⁷ Ibid.

The foreign students comes form a variety countries especially from Asia Countries such as China, India and Korea; Southeast Asian countries such as Indonesia, Singapore and Thailand; Africa countries such as Nigeria and Kenya. China and indonesia students stands the largest group among the foreign students. There are about 10 to 15 percent of the foreign students in a college⁴⁹. Only a small proportion of them come from western countries. The main attraction to this is due to the cost of study such as obtaining a Western degree is much cheaper and affordable in Malaysia than in the West. Most of the students prefer foreign degree, however going to western countries especially United Kingdom is expensive mainly because of the high currency exchange rate.

Besides that, the foreign students especially the China students choose to study here because they can get a better exposure of the use of English language whereby the private colleges in Malaysia provide the English speaking environment and English is used as a medium of instruction. Furthermore, they have better exposure away from their countries and gain experience here⁵⁰. More than that, it is more affordable to study in Malaysia whereby the cost of study and living is cheaper compare to western countries (Table 5.7).

⁴⁸ Kamal Salih, 1992.

⁴⁹ Interview with colleges.

Another factor of the foreign students choose to study here is due to the impact of economic crisis especially the racial riots in Jakarta, Indonesia following Suharto's downfall. There were 3,893 students in 1998 which most of them are ethnic Indonesian Chinese⁵¹. As for an example in the Inti College branch in Sarawak, there is 3,500 students target by the year 2001 whereby the market is focused to expand their intake form Indonesia, which is the main overseas market, as well as Brunei, Sri Lanka, Japan, China, Taiwan and Korea. Its current enrolment of 218 international students with 180 from Indonesia alone represents between 15 per cent and 20 per cent of the total student population⁵².

Some of the foreign students that study in Malaysia are the children of diplomats from other countries. It is estimated there are close to 13,000 foreign students in 1995⁵³ whereby most of them are children of expatriates studying at international schools while the rest pursuing tertiary education at private colleges.

Even though the foreign student flow into our country, but the number of them coming in not so significant. There is only one percent of total student population and it hardly makes any visual, or economic impact⁵⁴. More efforts need to be done to attract more students to our country if we see the prospect of the educational sector as an export industry. We have to analyze the factors limiting the inflow of the foreign students in to our country.

⁵⁰ Interview with colleges.

⁵¹ Lee, 1999.

⁵² Malaysian Business, "Proponent of Education", January 16, 1997

⁵³ New Straits Time, 31 August 1995.

⁵⁴ The Star, 18 July 1993.

A study entitled *Foreign Students, Academic Exchange Schemes and Capacity Building* by Leong Yin Chai, found that among factors limiting the inflows of foreign students into the local universities were restrictive university admission policy, the great local demand for higher education, the issue of language, limited provision of learning and teaching facilities, particularly at the post-graduate level, the lack of accommodation and few academic exchange schemes⁵⁵. Knowing these, government has taken some steps to overcome the problems. Government has been more liberalised on its policy by allowing more colleges to conduct the twinning program, "3+0" program and branch campus in Malaysia. Such initiatives is hoping that it will enhance the educational industry to become an export industry and thus moving towards the goal of Malaysia to internalize its educational sector to become the education center.

In conjunction to this, as the private tertiary education has been developing in a fast pace, the government has allowed the setting up of offshore campuses of foreign universities in Malaysia. The significant evidence of this is the first branch campus of a foreign university – the Monash University Sunway campus that opened its door to its pioneer batch of 450 students on 20 July 1998⁵⁶. This opportunity has been taken followed by the Council of Curtin University of Technology which has announced the setting up of its first overseas university campus in Miri, Sarawak, while the University of Nottingham has submitted plans for its branch campus in Semenyih. Besides these universities, it is learnt that several foreign prestigious universities have submitted plans to the Ministry of Education for approval.

⁵⁵ Mei Ling Young, 1993, p.24.

⁵⁶ Nalliah, Mildred and Thiyagarajah, Rosy, 1999, p.100.

The establishment of branch campuses may be an issue for consideration, so long as national education goals and objectives are not violated. Some kind of bilateral arrangements in which exchange of graduate students, for example, tutors between local universities or institutions and foreign counterparts would be of benefit too. Besides that, it also offers the students opportunity to obtain an education comparable to what is offered in the foreign university at approximately half the cost. However, this is worrying private education operators as such foreign branch campuses have stronger edge, more international repute and greater financial strength: meaning a more stiff competition for the private colleges. One main aspect that the students need to pay attention for is the learning environment. Even though the learning environment may be similar, it will not be identical. The student will still miss the actual experience of studying overseas.

5.3 Conclusion

There have been efforts of either government or the private institutions of higher education in providing sufficient manpower for science and technology of the country, especially in the computer or information area. These courses have increased over the years and there is a huge market for them to grow on. The opportunity in getting a job in the job market for the computer literate graduates are high and thus it has created the market for the private institutions to offer the computer related courses.

The most significant of the economic implication of the private higher education is the inflow and outflow of the foreign exchange. Even though a lot outflow of the foreign exchange can be saved, yet the inflow of the foreign exchange remains relatively small compare to the outflow of foreign exchange. Most of the inflows of foreign exchange are from the Asian Countries mainly China or the South African Countries, only few come from western countries.

Even though western countries find that the fees are relatively cheaper than the other western countries, yet the responses from them are modest. They can obtain their higher education easily from either western country which is nearer and the foreign exchange rate among the western countries do not vary much. The government should put in more efforts in promoting Malaysia to be centre of education excellence.