MEASURING THE EFFICIENCY OF PUBLIC UNIVERSITIES IN MALAYSIA: AN APPLICATION OF DATA ENVELOPMENT ANALYSIS

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SUBMITTED TO THE FACULTY OF ECONOMICS AND ADMINISTRATION UNIVERSITY OF MALAYA, IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR MASTERS IN APPLIED STATISTICS

APRIL 2005

Perpustakaan Universiti Malaya
A512499826

Acknowledgement

The writing of this thesis has been an interesting and prolonged experience. I could nonetheless, not have written this thesis without the care and help of family, many wonderful friends and colleagues. It is a great privilege for me to express my gratitude to the many individuals who have made this study a success.

To my supervisor, Dr Susila Munisamy, who sparked the idea for me to conduct a study on the efficiency of Malaysian public universities. Her understanding belief and support has been miraculous. Little would have been possible without her insight and invaluable contribution which really helped me acquire the 'taste' of DEA.

To Encik Ali Sulaiman and Encik Ikram Shah of the Ministry of Higher Education; Puan Anita and Encik Ruslee of MASTIC, Ministry of Science, Technology and Environment, for their kind help in extracting the data for the Malaysian public universities. Mr Lee Keng You of IRPA, for his invaluable opinions.

To Christina Yeoh, for adding to the final polish to this thesis, my superior Encik Shaukany for his moral support , advice and time.

Finally, and most importantly, to my husband Mohd Amir, who has always been an unwavering beacon of hope, calm and support, my children Muhammad, Abdur-rahman, Muaz and Aina. I acknowledge your sacrifice, patience, love, understanding, continuous support and rare forbearance in overlooking my absences, preoccupations and frustration. To my parents, sisters and brother, thank you for their endless support. May Allah s.w.t shower all of us with His blessings.

All these people have contributed to this thesis in some way, either by giving their time or knowledge, or simply allowing me to research. This thesis's merits are due to them, whatever shortfalls it might contain are mine.

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Abstract

The call for a uniform ranking or rating of all universities in Malaysia has been made quite recently. This is mainly due to growing public concern that universities should be accountable and that the services they provide must have some measure of integrity and quality. Consumer satisfaction is paramount. To address this concern, recommendations for performance measurement and benchmarking for all levels of higher education have been made. Many policy-makers of higher education advocate a formulaic approach. The Ministry of Higher Education has yet to come out with one. This paper describes an attempt to develop an efficiency performance model for a group of public universities in Malaysia by employing a leading-edge method of performance measurement called Data Envelopment Analysis (DEA). DEA is a linear programming based technique that measures the relative efficiency of several homogenous organizational units in their use of multiple inputs to produce multiple outputs. DEA is particularly suited in evaluating universities' efficiency because it can easily handle multiple inputs-outputs of the universities without requiring the attachment of any prior information or weights for aggregating the multiple inputs and outputs. The beauty of DEA also lies in the fact that it enshrines the efficiency levels of each university under evaluation. Universities also can access their standing relative to their peers from the results generated.

The key findings indicate that there is a huge potential for cost reduction, on average, among the set of universities and the existence of wide dispersion of efficiency scores across the universities. The study provides some insights into the efficiency of the universities, the areas for improvement and policy implications.