

## **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.