CHAPTER 6: CASE STUDY – STAMFORD COLLEGE PETALING JAYA

The paper will not be pragmatically enough without a case study by incorporating all the findings and observations of the previous chapters. Stamford College Group has been chosen as the case study mainly because Stamford College is the pioneer of private higher education in Malaysia with a long established history as a principal industry leader. With its wide experiences and developed structure, Stamford College is presumed able to read the market signals accurately and to create a strong undefeated position in the industry.

6.1 Background of Stamford College

Stamford College has been a household name in private higher education in the region since 1950. Being the largest and oldest PHEI (Private Higher Education Institute) in Malaysia, Stamford College offers a comprehensive range of disciplines at the tertiary levels, including engineering and information technology to meet the nation's demand. It has strong establishment in both the domestic market and the international tertiary education market. At present, there are nearly 1,000 international students from 45 countries, among totaling 7,000 students, pursuing their higher education in Stamford College.

Stamford College has provided excellence education to thousands of Malaysian and foreign students through its eight centres located in six states throughout Malaysia. Its main campus is Stamford College Petaling Jaya (SCPJ), which is
operating at its two centres, i.e. SCPJ Jalan Barat (next to PJ Hilton) and Jalan 223. Other centres at Klang Valley are Regent School of Economics, Stamford College KL and Stamford College Ampang. Other decentralised campuses are Disted-Stamford College in the northern island of Penang, Stamford Malacca, Stamford Sabah and Stamford Kuching.

Stamford’s ambitious mission is to provide an appropriate environment, facilities, courses and guidance to the educational development of the individual, taking into account the manpower needs of the nation and the expectations of the shareholders of the College.¹ In accordance with this commitment, Stamford College will continuously developing international-rated programmes. In parallel, It provides a high quality of teaching and sufficiency of educational resources, taking into account the needs of every individual student. With this in mind, more than RM4million had been spent to improve facilities in Petaling Jaya, Kuala Lumpur, Malacca and Kuching.²

Presently, Stamford College through various centres offers more than 50 types of courses. Among of them, three Master programmes in the business are:

- Masters of Arts in Marketing, University of Northumbria at Newcastle, UK
- Masters of Arts in Professional Studies in Education, Leicester University, UK
- MBA, Lansbridge University, Canada.

Stamford College is also considering for further cooperation with foreign universities to offer more postgraduate programmes, such as:

- Master in International Business Administration, University of Northumbria at Newcastle, UK
• MBA from University of Sunshine Coast, Australia
• Doctorate in Education from Leicester University, UK

6.2 Background of Offering Lansbridge University's MBA (LU's MBA)

6.2.1 Establishment of the Center of American Studies in Stamford College Petaling Jaya

An MBA was once offered through Asian Centre of Development Studies (ACDS) of Stamford College (100% owned by the Group). A year after the sold-off of ACDS (now known as Cybernetics Institute of Technology) in 1999, Department of American Degree and Program Development (ADP) was set up at the main campus with two objectives in mind, i.e. firstly, to run American Degree Programs and secondly, to outsource for an MBA programme.

Furtherance with the second objective, a distance learning General MBA in collaborate with Lansbridge University (LU), Canada, will be officially launched in May 2001. LU's MBA is priced around RM24,000 per course and there are more than 15 secured registrations with 9 of them are foreign students who are currently undergoing for pre-MBA due to their lack of knowledge in business and management.

6.2.2 Reasons for LU's MBA Programme

The prime rationale of offering LU's MBA, according to Mr. William Chua, Programme Director of the ADP, is motivated by the lower cost of delivery.
Initially negotiation was done with Troy State University, US (third-tier US university), but the cost of delivery is much higher, i.e. US$10,000 (equivalent to RM38,000) per course. Negotiations were, then, done with almost 20 universities, but their charges are extremely beyond the candidates’ expectation and their financial viabilities. Especially the second-tier universities – with better reputation – MBAs are priced between the tuition fees around US$15,000 to US$26,000 (approximately, RM57,000 to RM100,000). For example, the Author D Little which is ranked 2nd best in USA is now charged at US$25,000 (RM95,000), and, University of Chicago, USA is currently selling very well in Singapore at S$30,000 (RM75,000) with only 10% of the applicants are admitted.

Apart from the higher cost incurred, Mr. William Chua expressed that the gross profit of offering American MBA is marginal, about 20% to 30% of the total revenue collected. This would not be financially viable to support the high cost of operation due to the narrow scale of the Centre of American Studies (less than 2 years ago). Working on LU, the gross profit generated is as high as 50% share of the revenue collected.

Furthermore, the LU academic requirement is more liberal compares to any of the US universities. The teaching of US MBAs requires highly skilled instructors in the light of the large volumes of contemporary case studies, are fully used. In addition, US universities require the instructors to have Ph.D. degrees with extensive industrial research or significant MBA-teaching experience, or else, they prefer to fly their professors to Malaysia. In either way, the potential cost incurred that eventually switches to the MBA candidates is relatively high.
The above opinions can well be supported with the cases, such as: Mina Management Institute in collaboration with the American University of Hawaii (second-tier university) charges RM50,000 for an American MBA. For other American MBAs, the fee is above the preference range of RM24,000 at maximum.

6.3 Viability of the LU’s MBA in the Market

6.3.1 Origin of LU’s MBA Programme

Pursuance to the primary research findings, many students are looking for an MBA with either UK or Australian varsity. Mr. William Chua expressed his agreement with the findings, but he contributed the prospect of LU’s MBA to product differentiation and market focus in order to withstand the market competitive forces.

Some of the students, though not large, prefer American or Canadian MBAs because the curriculum is more on action learning and applies many contemporary case studies. Four percent of the MBA-seekers in the finding prefers American-based MBA, and most of them are having substantial years of managerial experience and above 30 years of age. Since Stamford College is well known among the elderly groups, say 30 to 40 the product differentiation will attract these people. Moreover, most of them are satisfied with their career development at present and is simply looking towards to broaden their knowledge or managerial skills, therefore MBA that is more participant interactive and case-studies approach is preferred.
By offering Canadian MBA, Stamford College might be unique in the industry wide and is perceived of exclusive. There is no Canadian MBA in the MBA education industry yet. This will assist the college to capture the niche market and to pool the scarce resources to win particular market share.

6.3.2 Specialisation

Currently, LU focuses on ‘General’ concentration and hence Stamford College is only able to offer General MBA. Supporting with the Master of Arts in Marketing and Master of Arts (Professional Studies in Education), the Counsellors of SCPJ are able to capture, through not extensively, those looking for wide option of postgraduate programmes. As mentioned in Chapter 4, other postgraduate degrees, like Master of Arts and Master of Science, are close substitutes to MBAs.

The secondary research findings and to a large extent correlates with the primary research that the popular preference is more on ‘General’ and subsequently followed by Marketing, Finance and Human Resource Management.

6.3.3 Tuition Fees

Tuition fee is one of the most important factors in customer’s decision-making process. The finding showed that the preferred tuition fee is ranging in between RM22,000 to RM24,000. Since the course fee is reasonable priced at RM23,950, the fee incompatible to candidate’s preference is out of the question.
Furthermore, three (3) installments based on respective stage are allowed to reduce the huge upfront financial commitment of the students.

Stamford College might be able to engage in price war to defend the competition prevailing in Klang Valley by reducing the tuition fees. The fee cutting could be subsidised by profit retention of offering LU's MBA programme. In addition, Stamford College as a listing company would have extra advantages in term of accessibility to secure funds, either through bank borrowing or shareholders' fund, to sustain a protracted battle. Stamford College as a group has its huge cash reserves of RM6.6 million\(^1\) and is backed up by its parent company, General Industries Berhad.

6.3.4 Duration and Mode of Studying

Again, the curriculum of LU's MBA is structured throughout 18 months, which is not inconsistent with the need of the candidates' preference.

LU acknowledges the strength of Stamford College in conducting education at the university level and as a result, Stamford College is given full discretion in setting the subjects to be taken by the MBA candidates. LU's MBA students in Stamford College need to complete 10 out of the 14 subjects to graduate. In addition, LU's MBA candidates in Stamford College can submit a thesis to replace any one of 4 modules in the final stage. Besides, candidates might be able to complete the course in less than 18 months by completing more subjects per semester.
Mr. William Chua expressed his intention to start separating classes to restructure the LU’s MBA into full-time, part-time and distance learning. The classes will be scheduled through the weekdays and weekends. For full-time MBA candidates (mostly foreign students) the classes would be in the morning on weekend basis. Part-time and distance learning students would be joint into same class and the lectures would be held every Saturday on full-day basis. Part-time and distance learning MBA candidates could join the full-time classes or vice versa. Therefore, this 3-in-1 treatment has created much flexibility and by this, able to capture the working group who works irregularly or need special treatment or care.

6.3.5 Accreditation and Facility Qualifications

LU’s MBAs are fully validated by KPMG Consultants. The required validation procedure for the MBA program was successfully completed on 29 September 1999. The validation committee consisted of a Canadian University President, three Canadian Business School Deans and a Professor with recognised expertise in distance education. LU is based in and operated under the laws of the Province of New Brunswick, Canada.

LU faculty seeks out independent experts and experts from leading consultant firms and IT corporations around the world to build and instruct all its MBA programmes. In order to maintain high standard, LU facility members have both a Ph.D. and significant industry experience, so that their programmes are industry-relevant and readily applicable to the workplace. Selected for their recognised expertise and the currency of their applied research, they collaborate with
professional instructional designers to produce highly interactive modular courseware.

In the ADP department, there are 3 full-time and 4 part-time academic staff who are teaching the MBA. All of them are equipped with high impressive credentials in terms of postgraduate degrees from good ranking universities and having vast substantial industrial experience. According to Mr. William Chua, part-time academic instructors are preferred because most of them work in the capacity of senior manager and well qualified in all aspects. The centre recruits the faculty member with industrial experience and provides rewards and promotions for their excellent works.

The shortfall here perhaps is the LU’s MBA is not yet accredited by international accreditation bodies to endorse its course qualities. By any chance, this university has not been considered ‘frame’ university with certain level of reputation and status in the education industry. In Malaysia, the process of accreditation by LAN is now at the final stage and Mr. William Chua is optimistic that the LAN approval for LU’s MBA will be obtained by the end of May 2001.

6.3.6 Mode of Assessment and Course System

The assessment is based on the written examinations and the research projects on 50:50 basis for the final two stages. However, students will be allowed to submit a thesis to replace any one of the last 4 modules. This enables LU’s MBA candidates to prepare a working paper that they are familiar with.
In addition, the modular course system is applied such that candidates can take as many modules as possible that are available at that particular semester. In this case, different candidates have different time requirements and hence this will provide high level of flexibilities to those who are involved.

6.3.7 Intake and Location

It has been proposed to have three (3) intakes per year, i.e. January, May and September. Again the intakes can be varied to meet the ad-hoc demand of the candidates. However, it would be justified to start an intake with minimum 5 students per class. This can be arranged because the new registered LU's MBA students with Stamford College are allowed to cross-choosing the modules in the second or even third stage if the modules are provided at that particular semester.

As mentioned earlier, ADP is situated at SCPJ at Jalan 223 which is neither accessible by any direct public transport. However, 70% of the respondents on this research reported that the location is not the major impediment in choosing an MBA programme. Therefore, the location wise will not be the impairing factor if the primary finding denoted the whole population in Petaling Jaya.

6.4 Conclusion and Recommendations

Stamford College is the pioneer of the private tertiary education in Malaysia as name has been widely recognised in this region. With this brand image together with the abilities in providing an MBA that are able to fulfill the prospects' preferences, the success of MBA business by Stamford College is not an
argument at all. Reasonable course fees, moderate course duration, flexible course system and mode of studies (full-time, part-time and distance learning) are in place.

There are a few competitors in Petaling Jaya area up and to some distance, Subang Jaya. The competitors in PJ offering part-time MBA are Olympia College PJ (opposite Stamford College), PJCC (10 minutes walking distance from Stamford College) and Association of Institute Management (Subang Jaya). However, IAHE College who is offering distance learning MBA is just located at Seksyen 14, (20 minutes walking distance from Stamford College). However, all the part-time MBA providers in PJ are offering different MBA varsities and they are targeting at different market segments. Only close competitor is perhaps Olympia College with all the MBA general features are almost identical in terms of location, modules, mode of studies and assessment etc. Their advantages over Stamford’s MBA are more MBA specialisations, an UK MBA, and internal promotion to the existing students.

The only problem with the product itself is the lack of market credibilities on Canadian universities and in particular the Canadian MBA. Even there is a demand over this MBA, the market share might be too narrow that any large-scale marketing and publicity efforts are not justifiable (reflected also in the primary research done). Over time, the market share might change in the face of changing preferences over certain educational products or perhaps the impact of external factors like government and competitors.
Though MBA differentiation-cum-focus approach would of course make the
college unique, but it is not without any risk. Not only the Canadian MBA has
cramped market share, buyers’ need for the differentiating factor might fall or
competitors’ imitation might narrow the perceived differentiation, which eventually
contribute to potential failure. In addition, current MBA-seekers are traditional
mindset to UK. Only recently, the Australian MBA starts to gain popularity by the
buyers and also MBA providers. For MBA providers, it motivates by the cost
factor in which the cost of delivery an Australian MBA is cheaper than UK MBA
due to the currency exchange.\textsuperscript{5}

The effort of Stamford College in negotiating addition MBA programmes from
Australian universities or other universities worldwide would be the wise steps to
remove the risks. However, this could not be done in the expense of the
university reputation and accreditation. It would be suggested that the partner
university concerned should be accredited by accreditation board, such as AMBA
or at least, the university is publicly renowned in this regions.

Stamford College should also look into the possibilities to offer wider ranges of
specialisation in its MBA programmes. By focusing on General LU’s MBA would
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According to Ir. Er. K.K. Lee, Senior Director of Stamford College Berhad, the
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In addition, the MBA should be more international-oriented in at least three aspects. Firstly, the MBA syllabi should be expanded to cover international flavour and if possible provide an option for students to take up a foreign language in the MBA. Secondly, the MBA study also offers the possibility of studying and completing an industrial internship in another country for two to three weeks. This includes the international internships or exchange of faculty for teaching. Thirdly, extra-curricular activities (clubs / alumni, events, counselling sessions, special seminars) and sufficient institutional resources (a separate library exclusively for MBA students, international houses for students and scholars) are to be initiated as part of strategic plans for an MBA programme.

As mentioned earlier, the marketing through advertisement and publicity efforts might not justify the narrow market share if the LU’s MBA is the only programme to be offered. Stamford College might promote to the internal students that made up of around 7,000 students. For the academic year 2000/2001, there are about 3,000 students going to graduate from various undergraduate degrees. If this captive market is served effectively and convinced, the rest depends on the worlds-of-mouth recommendations about the LU’s MBA offered by Stamford College. Moreover, the LU’s MBA could be aggressively promoting to the international students, especially Chinese students from China (435 students), who constantly look for an American and to a certain extent, Canadian qualifications. As at 5 May 2001, total foreign students in Stamford College is around 876 (12.9% of Stamford College’s total population). However, this is very much depending on the strong college internal marketing abilities and strength (e.g. organisation supports and customer services).
Last but not the least, the availability of educational-related facilities and extra-curricular activities are the important requirements in the student learning process. So far, there is no special library for MBA candidates (to ensure research is possible for LU's MBA thesis), MBA alumni, and network of internships. These facilities should be made available and be accessible by all the MBA candidates easily, and of utmost importance, are constantly maintained. These resource values will be promoted to the outsiders by the existing MBA candidates who are benefited from the resources available. Again, the words-of-mouth recommendations are extremely the deadly marketing weapon nowadays across a spectrum of various industries.

Last chapter (Chapter 7) will discuss the challenges at the macro-level faced by the government, especially MOE within the context of MBA education industry. This is necessary to promote the awareness of the hidden issues that are not being taken seriously at this present moment. These problems should be resolved immediately so that the process of internationalisation of Malaysian higher learning to the regional countries would not be withheld and subsequently distorted.
Notes and Reference


3. Refer to Appendix 5 for the LU's MBA information.

4. Refer to Appendix 2(a) and 2(b) for details.

5. However, some of the Australian MBA are expensive to delivery in Malaysia. Australian Universities are normally asking for at least 60% share from the revenues collected. Hence, the pressure from not making money is the key factor which has forced many local & foreign partners to depart. The good examples are Aman College, RIMA College, Systematic and potentially PTPL College, are facing the phase-outs of their Australian MBA. (Please refer to Appendix 2(c): Table A2(c)(v))