

Chapter 1 Higher education in Malaysia

1.0 Introduction

The economics of education is a vital yet somewhat amorphous component of the economics of development. Education is a cultural force that shape styles of living and working. Education has dialectic character that tends to preserve and stabilize culture (Conservation function) and, at the same time, as an instrument to promote cultural change (Progressive function). In other words, no cultural change is possible against or without education, nor will education alone trigger cultural change. Low productivity and poor living standards vis-à-vis national economic development efforts are among the major concerns of every society. Economic development in the ultimate analysis depends on human resources development.

1.1 Education in Malaysia

Malaysia is one of the fastest growing economies of East Asia. Education has provided a solid platform for economic growth and nation building. Today, the spotlight is being turned on education with a view to establishing Malaysia as a regional centre of academic excellence and turning education into a top quality export commodity.

Malaysia has a young vibrant population with a tremendous potential for the acquisition of new knowledge and skills. Their versatility and ability to absorb new technologies will help to put the country at the forefront of global science and technology development in this 21st knowledge-based economy century.

Malaysia's literacy rate is one of the highest in the world which is at 93 per cent. This reflects the enormous importance given to the pursuit of knowledge and education which is an intrinsic part of the Asian psyche. Although schooling is not compulsory, over 99 per cent of all six year old are enrolled in schools, and more than 92 per cent of all students go on to the upper secondary level.

The Malaysian education system has equipped its young people with a level of competence and skill which has put them on par with the top students in some of the world's best universities. A firm emphasis on the acquisition of basic knowledge and skills at the school level is enhanced by contemporary approaches to learning, enabling every individual child to realize his or her full potential. Malaysia provides 11 years of free schooling, and 20.4% of the annual National Budget is allocated for education. Excellence has been achieved through a carefully designed system that allows flexibility and room for individual approaches. This is readily apparent at the pre-school and again at tertiary level.

Moreover, primary and secondary education is highly structured, with a curriculum which enables the sound acquisition of fundamental knowledge and skills. A two-year Sixth Form programme prepares students to enter local and foreign universities. Besides this, students can also opt for the matriculation programmes offered by some colleges and universities. Alternatively, they may also select from a range of certificate and diploma courses offered by various polytechnics and vocational colleges. Fully residential science schools have been set up which offer a stimulating environment for outstanding students who choose to specialize in the science and technology.

There are a number of private schools, which educate students with both the Malaysian and selected overseas syllabus. They are growing in popularity as they give students a greater degree of mobility. They can choose to join a mainstream national school or a foreign school of their choice at any stage of schooling.

Precision manufacturing, biotechnology and energy are areas where Malaysia is building a comparative advantage. These sectors will need to be supported by a large reservoir of skilled personnel in the next decade. At the post-secondary level, polytechnics and technical colleges provide technically competent young Malaysian. These efforts, supported by other ministries and Government agencies, are developing market-driven skills and expertise.

Malaysia's economic dynamism, its political and social stability and highly conducive living environment have attracted a large expatriate community. Inventors, businessmen and professionals have made the country their temporary home, bringing with them their families. In response to their need for appropriate facilities with curricula catering for the different education systems, the ministry of Education has facilitated the setting up of 40 top quality international schools. Children accustomed to the British, American, Japanese, German, Taiwanese, Indonesian and Saudi Arabian school systems can continue their education uninterrupted here in Malaysia.

As education becomes increasingly international in character, Malaysian universities are becoming more contemporary in outlook. Each university has developed its own competitive strengths, positioning itself as a centre of selective excellence. Educational

programmes are shaped by forces operating in the marketplace. Courses and programmes are demand-driven and sensitive to changes in environment. It is recognized that a country's ability to master technology, to manage complex systems and to innovate will increasingly mark the difference between nations that succeed and those whose futile efforts lie in trying to cope with the future, armed only with obsolete skills. Our university education system is addressing the challenges presented by a new world order where Asia is set to play a major role.

Malaysia's first university, the University of Malaya, was set up in 1949 in Singapore. Today there are 10 national universities and a number of private universities. Presently, these cater for 16.6% of those within the tertiary education age group. The national target is to achieve a substantial increase in the present stock of graduates to around 40% by the year 2000, to meet the need of future development objectives.

In this knowledge-based economy century, the young person entering the workforce will be judged not so much on the knowledge and skills acquired, but on the capacity for lateral thinking, creativity and integrated approach to learning. The university system is expected to bridge the fundamental shift from an information-based society to a knowledge-based one. Malaysia is hence putting in place the 'hardware' and 'software' to equip students to take advantage of the opportunities offered by an increasingly interconnected world. Malaysia's tertiary institutions are being continually strengthened in terms of both teaching standards and courses and programmes to make quality the hallmark of the country's education system. The objective cost effective learning opportunities of a consistently high standard.

Strategic alliances between Malaysian universities and selected overseas universities known for their special areas of expertise have 'internationalized' the character and curriculum of local institutions. Both national and private universities and colleges offer education packages that focus on making graduates immediately employable. These have been designed in collaboration with some of the most reputable academic institutions in the world. Malaysia is, in fact, the second country outside Britain to train students as chartered accountants. Several Malaysian accounting firms have been registered as training organizations and students can do their articleship locally.

The National Accreditation Board under the Education Ministry sets broad guidelines for public and private higher education institution. It formulates policies on the quality of courses and the accreditation of certificates, diplomas and degrees. The 10-member Board comprises academicians selected from various public universities to provide a balanced representation of various disciplines and programmes. This allows for a more credible evaluation of degrees and certificates conferred by higher education institutions. The Board ensures that higher academic standard, quality and control are maintained.

Science and technology, commerce and industry even the arts and humanities have been swept along by the powerful currents of the information revolution. The Ministry of Education has responded by implementing wide-ranging reforms to give school, universities and other higher education institutions the skills and competence to ride the crest of the I.T. wave.

At present, the education system is already putting interactive I.T. at the core of teaching-learning and management process. Smart schools are being set up where learning will be dynamic, lively and brimming with interaction through the use of multimedia technology and worldwide networking.

A high-tech infrastructure for information technology at the various universities is already providing access to strategic information, international databases and knowledge resources. Most of the universities around the country have a digital optic fibre backbone, and several have already incorporated distance learning programmes for professional and technical degrees.

Higher education in Malaysia provides students with the opportunity to interact very closely with industry. Universities and research institutions are part of the linkages being established by the National Council for Scientific Research and Development. Close collaboration between R&D institutions, universities and the private sector has resulted in technological 'think-tanks' which are at the forefront of strategic research.

Malaysia's efforts to establish a conducive research projects involving large multinationals as well as small and medium scale industries. The government support for universities research comes from the Malaysian Technology Development Cooperation which promote linkages among companies, technologist, researchers and financial institutions, and provides venture capital for the commercialization of university research project.

Across the country, several high tech parks have been built closely to the key universities to enable both academia and industry to optimize available resources and capabilities. The emphasis is on matching research and development efforts with market needs within a dynamic and flexible opportunity where classroom knowledge can be immediately 'tested' in a real-life business environment.

The stage has been set for a more open and liberal education system that allows a flexibility of approach and the use of English. The private education sector is playing an increasingly important role with its focus on high academic standards and international programmes.

A system of open dialogue keeps the Ministry in close touch with private college associations to ensure that academic standards are not compromised by commercial considerations. The National Accreditation Board sets broad guidelines for private institutions, aimed at maintaining the quality of teaching and course content.

The demand for university places, particularly in the sciences, has outstripped availability within the national university system. As a result, a number of privately funded universities have emerged in recent years, and there are several more on the drawing board. In addition, several leading international universities have set up branch campuses in the country. There are currently about 415 private higher educational institutions throughout the country offering pre-university courses and twinning programmes as well as professional and semi-professional qualifications. They draw

local students who have opted to complete their education in foreign universities, from some 57 countries around the world.

Malaysian colleges and universities are at the apex of the Malaysian education system. The government is committed to develop universities not as "ivory tower" edifices but institutions that are able to meet the challenges of globalization. This is because with globalization, Malaysia will be facing stiff competition in trade and investment.

The Ministry of Education continually reviews the system, facilitating structural changes as well as the academic focus, priming our universities to cope with market demands. The emphasis is firmly set on Science and Technology to create a wide base of knowledge workers competent and adept to function in an economy that is moving into the new and emerging technology areas; advanced manufacturing, automated manufacturing, electronics, biotechnology and information technology.

Informal initiatives that seek to coordinate efforts between the government, the private sector and society are already seeing an expansion of the educational infrastructure in the country. A concept of borderless universities where student will have greater flexibility in terms of admissions and placements will help optimize educational resources within the country. At the same time foreign universities are being encouraged to set up offshore branches in Malaysia. The corporate sector has been invited to establish private universities. Today the national petroleum, telephone and energy companies have already set up their own universities offering a wide range of course in science, technology and management.

The rapid expansion of higher education has been fuelled by strong social demand for higher education, seen as the main avenue for social mobility and social justice, and facilitated by the universalisation of secondary education. As the system expanded, new kinds of institutions were added into, led to a stratification within the system. At the apex are the public universities, whose functions are to promote national integration and unity; to provide trained and skilled human resources; and to rectify existing imbalances in educational opportunities among racial groups (Sharom, 1985).¹

In the past, the Malaysia government had very strict control over the establishment of new institutions of higher learning, but recently more liberal in encouraging the 'privatization' of the education sector. In the 1980s, there was a phenomenal growth in private education. Degree level education in Malaysia is conducted in eleven public universities that offer Arts, Science and Technical courses, and in 24 private institutions which conduct courses through twinning or credit transfer arrangements. Beginning in 1995, higher education has undergone some major changes.

Private Higher Educational Institutions Act 1996 has made 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.

¹ Sharom, A.(1985) The relevance of American higher education model for Malaysia. in P. Altbach (ed.). An ASEAN-American Dialogue: The relevance of American Higher Education to Southeast Asia. Singapore:RIHED.

This has enabled the private sectors 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: UNTAR, University Telekom and University Petronas Malaysia, provide us the evidence of change in the higher education sector.

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 the 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.

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

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.

As local institutions are unable to provide enough places to cater for the demand of higher education, about 54,000 students are pursuing tertiary level courses in foreign institutions. Private education growth rapidly due to various reasons, which include the growing demand for higher education, the limited number of places in public institutions, and the currency depreciation has increased the cost of overseas education especially after the financial crisis in 1997.

The development of higher education in Malaysia has been shaped by internal social demands as well as external forces of the international arena (Lee, 1994a).² The expansion of higher education is partly a response to internal demands like income distribution, rising social demand and the need for skilled human resources. Higher education system in Malaysia is dominated by the British model especially its university structure, academic programmes, and assessment of standards. However, lately, the trend is towards adopting many aspects of the American higher education system like the 'unit/credit system', continuous assessment, and multidisciplinary programmes.

² Lee, M.N.N. (1994a) Higher education in Malaysia: global influences and internal demands. Paper presented at the Annual CIES Conference, San Diego, 1994.

Eventhough Malay language is the medium of instruction in public institutions English is still widely used. Private higher institutions use English as the medium of instruction.

The higher education system in Malaysia is very much a state-controlled system. All the public institutions of higher learning are funded and regulated by the state. All private higher institutions are required to be registered with the Ministry of Education. The government views access to higher education as a means of restructuring the Malaysia society and eliminating the identification of ethnic community through economic functions. Admission into higher institutions is based on quota system as to provide more educational opportunities for the Bumiputra.

1.2 Study Objectives

This study will attempt to:

1. review education policy and planning in Malaysia;
2. look at higher education in Malaysia and the factors that determine the demand and supply of graduate;
3. examine how the growing numbers of those seeking higher education were absorbed by the various sectors; and
4. evaluate the justifications of the demand and supply of graduate mismatch in Malaysia.

1.3 Research Methodology

The information used in this research is mainly from secondary data of various sources, namely, various issues of Malaysia Plan, Economic Report and Bank Negara Report (Various Years), magazines, Educational Reports, conference papers, newspapers, bulletins and journals.

1.4 The Significance of the Study.

This study serves to provide the insights in identifying the mismatch between the demand and supply of graduates. It is hope that this study will contribute some idea for the policy makers in order to reduce the imbalance in the demand and supply of graduates.

1.5 Organization of the Study

This report will consist of five chapters. Chapter 1 will outlines the introduction education policy and planning, discusses higher education policy in Singapore and also describes the profile of the higher education in Malaysia. Chapter 2 provides the literature review. Chapter 3 presents the factors that lead to supply of graduates and thus gives an overview of demand of graduates. Chapter 4 discusses about the reformation of the higher education policy towards the changing conditions and challenging labor market. Finally, Chapter 5 will look at the recommendation and implication on the policy.

1.6 Limitation of the Study

Secondary data will be collected mainly from The Seventh Malaysia Plans and from various years Central Bank Reports. The major limitation is to get access the secondary data as some of the available data are treated 'confidentially'.

Besides this, there is limited research on demand and supply of graduate and the higher education in Malaysia was done. Systematic knowledge of the connection between higher education and the job market is relatively poor and insufficient.