Chapter 1

Introduction

1.1 General Overview

The Malaysian higher education sector has undergone substantial growth as a result of efforts made by the Ministry of Education to expand the education industry. It is the government's long-term goal to make Malaysia a regional centre of excellence in education. The growth of higher education in Malaysia can be seen in several areas such as the increase in student enrollment, an increase in government expenditure, additional government policies in promoting education, and the country's continuous need for human resource. For example in 1996, the student enrollment in higher education in Malaysia increased by 9.2 percent\(^1\).

According to Associate Professor, Lee, School of Education Studies, University Sains Malaysia in her paper entitled "Expanding the State Role in Malaysian Higher Education", until the 1980's the Malaysian government was the main provider of higher

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\(^1\) "Total Quality Management and Higher Education in Malaysia", tqm98.htm
education. The government provided complete funding to all public institutions of higher learning through budget allocations as well as funding for development and capital expenditures. However, the increasing demand for higher education caused the government to relinquish the role as the main provider of higher education. The government encouraged private institutions set up independent higher education institutions.

Thus, private higher education had expanded tremendously in the last two decades. This expansion has not only brought about increased student enrollments but the social class from which the students are drawn has also expanded. The number of private institutions in Malaysia has been increasing and recently eleven new private universities have been established to offer world-class education to Malaysians and scholars from abroad.

The increase in private higher institutions has been fuelled by strong social demand for higher education. This is because higher education is seen as an avenue for social mobility and social justice. Besides that, the expansion of private higher education is also due to income redistribution and also the need for skilled human resources in tertiary education. One of the most important causes of poverty and unequal access to educational opportunity is the inequality in income distribution. Failure to provide tertiary education seriously reflects on the poverty margins in a country. Education is one of the most powerful instruments for reducing deprivation and vulnerability. It helps lift earning potential, expenses, labour mobility, promotes health and enhances the political
system of a country. In uplifting poverty, society will slowly but surely be restructured. During the British rule, people were segregated based on division of labour. Hence, the Malay community lived on agriculture; the Chinese community lived on business and trade whereas the Indian community lived on estate produces. After independence was attained, gradually the restructuring of society comprised gradually of integration and assimilation within these three communities.

In the early stage of the restructuring process, a vast increase of the poverty margins began to occur. In years to come although society had been restructured, income rates still remained a question mark. During the 1980's and early 1990's, private higher education had still not contributed to the decrease of the poverty margins which will inevitably bring about another restructuring of society. However, one common feature during that era was a steadfast increase in factory workers. This indicated a positive increase in lifestyle as opposed to the lifestyle based on the British divide and rule policy. Nevertheless it still reflected on the lack of opportunities to upgrade the growth of private higher education. In order to reconstruct a society that would in line reflect upon our developing nation, private higher education is regarded upon as a tool that can further reduce poverty margins and create a further sophisticated and structured society that is technology based.

In conclusion, private higher education is strongly linked to the concept of restructuring society to fit the modes of world-class growth and development. Poverty
margins would not then arise skeptical questions. This can only be achieved through the very essential and necessary tool that is the private higher education.

1.2 Problem Statement

Inadequate education is one of the most powerful determinants of poverty. Efforts to provide basic education reflect a country's efforts to reduce poverty. Education is one of the most powerful instruments societies have for reducing deprivation and vulnerability. Thus, education is one of the principal vehicles of national development. It plays an important role in Malaysia's vision of attaining the status of a fully developed nation by 2020 (Vision 2020). Malaysia's education system sets out to pursue the goals of educational excellence. Therefore, the higher education sector aims to provide opportunities for its own citizens as well as attract scholars from abroad. In Malaysia, education is delivered through the public and the private system.

The main focus of this research paper will revolve around the private higher education in the country. This research is conducted to examine the growth of the private higher education in Malaysia. In addition to that, it is done to provide evidence that the growth of private higher education has managed to contribute towards the restructuring of society simultaneously creating social mobility in the country.
In 1997, Malaysia faced an economic crisis, which had caused the poverty rate to increase to 8.5 percent in 1998. However the economic recovery in 1999 caused the poverty rate to decrease to 7.5 percent. In view of this, the research will also look at whether the private higher education has managed to reduce the poverty rate. This is because, eventhough Malaysia experienced an economic crisis in 1997, and the private higher education still managed to grow. So it is important to analyse the contribution of private higher education in reducing the poverty rate.

1.3 Objective of Study

In conducting this research, it is essential to identify the objectives of the study.

The objectives of this study are to:

➢ explore the growth of private higher education.

➢ investigate the concept of private higher education in relation to the education policy.

➢ examine the relationship between the New Economic Policy and restructuring of the society.

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1 Siti Rohani Yahya(PhD), Associate Professor, paper, "Status of Poverty and Income Distribution in Malaysia", (pg 6), Faculty of Economics and Administration, University Malaya.
investigate the contributions of private higher education towards the restructuring of the society and

to determine the connection between private higher education and the reduction of the poverty rate within the nation.

1.4 Scope of Study

This study only focuses on the role and contribution of private higher education in Malaysia. Thus, this research will explore the field of private higher education in Malaysia and how it has contributed towards the reduction in the poverty rate. In addition to that, this study will also look at the relationship between private higher education and the poverty rate.

This research will look into the aspect of private higher education in the 1990’s until 2002. During this period, Malaysia’s economy experienced a boom and also a crisis. Therefore, it is important to look at how the country’s economic situation had affected the growth of private higher education.
1.5 Purpose of Study.

The purpose of this study is to investigate the relationship between the private higher education and poverty. Higher education is divided into two types that is the public higher education and the private higher education. The public higher education has been proven to reduce the poverty rate. This is based on the education policy whereby graduates from the local universities were given the opportunity to obtain better employment. This brought about the reduction in the poverty rate. However the contribution of private higher education is yet to be highlighted. Therefore, this study will look at whether the private higher education can decrease the poverty rate and reduce the gap in income distributions. Besides that, this study is also done to examine whether the private higher education has managed to restructure the society by attempting to narrow the gap of income distribution, which will lead towards poverty reduction efforts.

Private higher education in Malaysia started in the 1950's. Between the 1950's and 1970's, private education was introduced only to primary and secondary schools. The birth of private higher education started in the early 1970's. Hence, private higher education has existed in Malaysia for over 30 years. This duration of 30 years prompted the researcher to explore the possibility of private higher education as a tool to further reduce the poverty rate in Malaysia. In addition, this study will also look at how the private higher education sector will contribute towards the restructuring of the society. Hence, entailing this, will the inequality in income distributions be reduced?
There are approximately 600 private higher learning institutions in Malaysia, which offers degrees and diplomas in various fields of study\(^3\). The cause of this growth is due to the rapid economic growth in Malaysia. According to N.F. Yaakub and A.M. Ayob in *Higher education and socioeconomic development in Malaysia: A Human Resource Development Perspective* (1999), "... since independence, the country used to export earnings wisely to improve the living standards by building infrastructure (roads, railways, telecommunications and etc), schools, hospitals and also to pay subsidies to the poorer strata of society such as small time farmers and other low income families\(^4\)". As income of families improved over time, the demand for higher education grew. Thus, public education could not accommodate the rising demand. Hence, in 1996, the Malaysian government passed the Private Higher Educational Institutions Act (PHEIA). This allowed the private sector to enter the tertiary education market. However, this Act also empowered the Ministry of Education to approve and disapprove the setting up of private colleges and to invite selected private companies to set up private universities. Then, this is followed by the approval of the National Accreditation Board. The Ministry of Education has two important goals namely: -

(a) to develop society and individuals as per the standard of an upcoming industrial nation.

(b) to achieve education center by providing quality education.

\(^3\) Ahmad Mahdzan Ayob & Noran Fauziah Yaakub, "*Business of Higher Education in Malaysia: Development and Prospects in the New Millenium*" (Pg 1)

\(^4\) Ahmad Mahdzan Ayob & Noran Fauziah Yaakub, "*Business of Higher Education in Malaysia: Development and Prospects in the New Millenium*" (Pg 1)
In order to achieve these goals, the government alone could not provide a massive education system. Thus, the Ministry of Education accredited the private sector to provide a quality education system. According to Lee Meow Fatt (1992), in his paper on the regulation of private higher education institutions in Malaysia has noted that although private institutions are not categorised as public institutions, they are required to comply to certain conditions, regulations and by laws regarding the programmes offered. This shows that the private higher education is an important tool towards the growth of the nation. The massive increase in the number of private higher institutions shows that there is a reduction in the poverty rate.

There are many factors that contribute towards the demand for private higher education. These factors include the rise in the population of high school graduates and improvement in lifestyle of families. Private education acts as an alternative for parents to choose from.

1.6 Research Methodology

This study is based on a qualitative research paradigm. This is due to the fact that the study involves a primary research. A set of questionnaire will be distributed to a sample of students who are selected randomly. Interview will also be conducted. Students will be selected on a random basis.
In addition, secondary materials will be collected from various books, journals, magazines and other researchers conducted by people in Malaysia as well as abroad. These materials will assist in forming the theoretical framework and conceptual framework of this research. It will also widely contribute in forming the overall outlook of the research pattern.

1.7 Organisation of Chapters

This research is divided into a few chapters whereby the first chapter consists of the introduction of the research that is being conducted. It will consist of an overview of the private higher education sector, the aim and objectives of the research, the scope of study and also the purpose of study. Besides that, the research methodology and the problem statement is also explained in this chapter.

The second chapter focuses on the literature review of the research. This is an important part of the research. In this chapter, the researcher will look at previous researchers that have been conducted on this topic. In addition to that, this chapter will also look at the National Economic Policy that involves the restructuring of the society. This chapter also contains a discussion on Malaysia's economy and the development of private higher education.
The third chapter is an important part of the research. This is because it consists of the findings that are conducted for the research. These findings will be supported with relevant statistical data. In addition to that, the methods of research used in conducting this study, the limitation and delimitation are also included in this chapter.

In the fourth chapter, the researcher will analyse the impact of private higher education in Malaysia in relation to poverty reduction in an attempt to restructure society. In this chapter the researcher will look at whether the private higher education has managed to reduce the poverty rate. The fifth chapter will consist of the impact of globalisation of private higher education, the contribution of private higher education, conclusion and recommendations.

1.8 Conclusion

The researcher is convinced that private higher education is an essential tool in reducing the poverty rate. The growth of private higher education has been tremendous over the past years. Thus, it is very important to highlight the role of private higher education in the process of restructuring society and reducing poverty in the nation. As Malaysia is heading towards an era of technology and knowledge based economy the poverty crisis should be reduced considerably if not eradicated completely. In view of this, private higher education is no more a luxury but an essential necessity to the growth of society in Malaysia.