Chapter 5

Conclusion and Recommendations

5.1 Introduction

In this chapter the researcher will examine the contributions of private higher education in Malaysia. The development of private higher education in Malaysia has proven to be beneficial towards the economic development in Malaysia. This chapter will also analyse the impact of globalisation on private higher education in Malaysia. Besides that, recommendations to further increase the growth of private higher education have also been included in this chapter.

5.2 Contribution of Private Higher Education

(a) Decrease in currency outflow

Private higher education has managed to reduce the outflow of currency from the country. Previously, due to the limited seats in public universities and limited private institutions of higher learning students who wanted to further their studies had to go abroad. This caused an outflow of currency from the country. However, with the
increase in the number of private institutions, most students began to pursue their studies locally rather than to study abroad. Most parents encourage their children to study in these private institutions of higher learning because it is cost effective as opposed to the extremely high cost of studying abroad.

Besides that, the economic crisis that happened in 1997 also caused a decrease in the number of students studying abroad. Most students preferred to study in private colleges rather than to go overseas because of the depreciation in the Malaysian ringgit that is from RM 2.50 per US dollar to RM 3.80 per US dollar. During the currency crisis, about 2000 students had to return from abroad to continue their studies in public universities and also private institutions of higher learning.

(b) Rise in inflow of currency

Besides, decreasing the outflow of currency, the expansion of private higher education also contributed towards an inflow of currency into the country. This was because of the increase in the number of foreign students studying in Malaysia. The increase in the number of private colleges in the country also attracted foreign students from other countries to study in Malaysia. These foreign students are namely from countries such as India, Pakistan, Indonesia, China, Korea and Bangladesh. Students from these countries find it much cheaper to obtain a western degree in Malaysia through affiliation programmes as obtaining degrees from western countries. The number of
foreign students studying in private higher institutions in Malaysia has increased from 5635 in 1996 to 11 733 in 1998.

The rise in inflow of currency into the country increased the government's income. This enabled the government to provide more infrastructures in the country, to invest in development projects and also to channel their resources into restructuring the society.

(c) Centre of excellence in education

The growth of private higher learning institutions contribute towards the government's long term goal which is to make Malaysia a regional centre for excellence in education. This is one of the vital aspects towards achieving the status of a fully developed nation by 2020 (vision 2020). Therefore, Malaysia's education system sets out to pursue the goals of educational excellence.

On the whole, the contribution of private higher education is essential in order to achieve the status of a fully developed nation. The growth of private higher education has managed to decrease the outflow of currency from the country. It has provided an avenue to students to further their studies in these private institutions of higher learning. As a result, parents need not spend excessively in order for their children to further their studies. Besides that, the increase in foreign students, which has brought about the rise in inflow of currency has benefited the country. The government is able to channel their
resources into other projects such as providing proper homes or shelter for those living in the slum area. By doing this, the government would be able to reduce the poverty rate. The next section of this chapter will look at how globalisation has indirectly contributed towards the reduction in poverty.

5.3 Impact of Globalisation on Private Higher Education

According to the International Monetary Fund (1997, p2), globalisation is defined as

"the rapid integration of economies worldwide through trade, financial flows, technology spill-over, information networks and cross cultural currents". Whereas Rizvi (1999) describes globalisation as a series of scopes such as 'ethoscope', 'finance scope' and 'media scope'.

There are several factors of globalisation that has an impact on private higher education. One of the factors is the transition from manufacturing and service based economies to knowledge and skills based economies. Most countries today are going thorough this transition. The World Bank study conducted by Peril & Promise, which focuses on developed countries, observes that,

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"the world economy is changing as knowledge supplants physical capital as the source of present (and future) wealth ... As knowledge becomes more important, so does higher education."36

Technological advances are also an important factor of globalisation that has had an impact on private higher education. The advancement in technology has made the process of privatisation and globalisation faster and easier. The introduction of new modes of education based on technology known as virtual education and software application based such as Computer Aided Design (CAD) plays an important role in the globalisation of education. Technology has compelled private higher institutions to minimise their cost in terms of providing course materials and also curriculum. This is because with the advancement of technology, the course materials could be accessed easily.

Besides that, the government has also encouraged the growth of private and foreign institutions as a means of meeting the demand for higher education. This is evident when the Malaysian government had changed its education policy in 1996 as a measure of initiating the establishment of international branch campuses in the country. This is also a move to encourage students to study within the country rather than studying abroad. There has been no restriction, to this date, in the number of private colleges established in Malaysia.

The increase in student enrollment is another factor that has an impact on private higher education. In most countries, the need to acquire knowledge and skills has been a cause for the rapid increase in student enrollment in the private institutions of higher learning. Nevertheless, the education foundation has not been able to match the increase in enrollment. Thus, globalisation has created an increase in the number of private higher education to meet the rise in student enrollment.

In conclusion, the impact of globalisation on private higher education has managed to indirectly reduce the gap of poverty. The advancement in technology has managed to minimise the cost of tertiary education to a certain extent. This is because students are able to access their course materials using the latest technology. Students are not required to spend on purchasing these course materials which are rather expensive. Thus, parents do not need to spend so much on their children's tertiary education. They could channel their income into other areas like saving for their old age. The advancement in technology has managed to indirectly reduce gap of poverty.

On the other hand, globalisation has attracted many foreign students to study in the country. Besides that, it has also attracted foreign institutions to set up branch campuses such as Monash University Malaysia, The University of Nottingham in Malaysia and Curtin University of Technology Sarawak in the country. This has been a source of income to the government. The increase in foreign students has increased the inflow of currency into the country. The setting up of branch campuses in the country has increased private investment in the country. Thus, it has brought an increase in the
government's revenues. The government is being able to provide better infrastructures and facilities for the country. In addition to that, they are able to relocate the poor people by providing them with better shelter.

5.4 Conclusion

In addition to the above, the most important contribution of private higher education as based on the findings of this research has indeed proved to reduce poverty. In the area of the 21st century, Malaysia faces numerous challenges. One of the most foremost issues at hand would be the reduction of poverty. Dr. Nair claims that "existing strategies for poverty eradication given their inherent weakness are unlikely to resolve the poverty problem. There is a need to formulate policies and programmes that go beyond addressing the economic causes of poverty."\(^37\) This statement provides strong evidence that the issue of poverty can be solved by means of other programmes that do not stress on economic issues as a strategy to eradicate poverty. In this view, education especially the contribution of private higher education is one such programme that can eradicate poverty.

\(^{37}\) Dr. Sulochana Nair, "Poverty In The New Millennium - Challenges For Malaysia," Faculty of Economics and Administration, Universiti Malaya. (pg6)
This is a social responsibility that has to be shouldered partially by the private sector even if it is unable to shoulder the entire responsibility of it. Huge construction companies such as Sungei Way Constructions has taken up the responsibility of establishing renowned colleges such as Sunway College. Such social responsibilities have indeed generated towards the reduction of poverty rates in Malaysia because it provides an opportunity of further studies, which is open to all ranks of society. This assists the public sector in its mission to eradicate poverty. Therefore, the poverty reduction will depend on the private higher education sector in order to enhance social development. Poverty rates in 1995 amounted to 8.9 percent. This had been reduced to 5.5 percent in 2000 and was further reduced to below 5.5 percent in 2001\textsuperscript{38}.

As per the questionnaire findings of this research income rates of parents were largely slotted into the brackets of income above RM 2500 as opposed to the income of grandparents two decades ago. Therefore, the income rates of parents for the past decade, i.e 1990 up to 2004 are above RM 2500. This data coincides with the reduction of poverty from the year 1999 to 2001. This enables parents to create better lifestyles for their children. It enables them to provide education at any cost for their children. This leads to the fact that nowadays many students are being enrolled in institutions of private higher education. The ratio of material affordability and purchasing power has increased. This will continue to increase once the student graduates and attains potentially high paying jobs. This proves that private higher education is a tool to reduce poverty. Therefore, household income, which amounts to low income rates, begins to fade. This

\textsuperscript{38} Jeffery Henderson, David Hulme, Richard Philips, Noorul Ainur, "Economic Governance & Poverty Reduction in Malaysia".
event will automatically lead to restructuring of society directly or indirectly. All this events, i.e. private higher education, poverty and restructuring of society are linked to each other. They cannot exist without each other.

As a whole, private higher education is beyond argument a strong tool in reducing poverty. Therefore, the researcher is fully convinced that private higher education has managed to reduce poverty rate in Malaysia.

5.5 Recommendations

In today's fast moving world private higher education is regarded as one of the most popular channels to obtain sufficient knowledge and skills. Therefore, it has inevitably become part of the education system. In order to maintain its statuesque and strata as a platform that supports and develops all other fields from the arts, social sciences, science and technology, there has to be certain modifications to it. This will most certainly create a paradigm shift in the current scenario. However it is highly essential that certain procedures be considered to maintain the current modest operandi and trends that have evolved in the line of education.

Firstly, it is important to ensure that there is an increase in the level of parent's income. If parents are guaranteed an annual increment every year, this will enable them
to support more children through their higher education. Thus, this will further narrow the poverty line in the country.

Besides that, the National Accreditation Board (Lembaga Akreditasi Negara-LAN) should also minimise the constraints that are too rigid. By reducing the requirements, private colleges would be able to concentrate on designing courses that are flexible and more academic and skill oriented. In this way the private higher educational institutions will be able to churn out quality students and not quantity. Thus, the private higher educational institutions will be able to meet the demands of current trend. Students will be able to obtain better jobs and will not be unemployed.

As a result of private higher education, social problems such as drugs, loafing and others can be avoided. The government will not have to spend their money on trying to overcome this problem such as building rehabilitation centres. Thus, the government's resources can be channeled into other development projects. In addition to that, the income obtained by individuals will enable them to lead a better life and also increase their purchasing power. This will improve the gross domestic product of the country. The increase in individual's purchasing power will in turn reduce the poverty line in the country and provide an opportunities for the graduates to further their studies. However, all this is only possible if the constraints imposed by LAN is made more flexible without damaging their original purpose that is to ensure quality education amongst private higher educational institutions.
Currently, most private higher educational institutions are commercialising the courses offered. It is essential for these institutions to market their course on an academic bias rather than on a commercial bias. This is to maintain the academic standards of the courses that are offered by the private higher educational institutions.

At the same time, the private higher educational institutions should also ensure that the course offered has academic quality. The students who have enrolled into the course will be able to cope with their subjects. In order to retain the students in the programme, these private institutions should not compromise on the academic quality. Thus, it is essential for all the private institutions to ensure that the courses offered have a minimum entry requirement.

Moreover, efforts should be made to increase the availability of scholarships for students who are interested in pursuing their studies in a private higher educational institution. The increase in the availability of scholarships can be made possible if the courses offered by these private higher educational institutions are more academic based. In addition, if the courses offered have an entry requirement, than this will enable students to meet the scholarship requirements. Thus, the number of students obtaining scholarships can be increased. This will cause the poverty rate to decrease, as parents do not have to support their children by the required course fees.