



PRIVATE HIGHER EDUCATION: A NEW PERSPECTIVE

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University of Malaya

# Abstract

Nowadays education is important especially private higher education. Private higher education has become very popular due to the rise in demand for tertiary education. Thus, it is essential to explore the contribution of private higher education particularly in the area of reducing the gap of poverty. In that process, also restructuring the society. The growth of private higher education has brought about the rise in economic growth. The foundation for this economic growth is education.

The increase in demand for tertiary education has opened way towards the growth of private higher education. This can be seen through the increase in the number of private institutions of higher learning. As a result, it has contributed towards the reduction in poverty rate. Thus, it is necessary to examine the role of private higher education in contributing towards a decrease in poverty rate. This research examines the private higher education in Malaysia.

# Glossary

PHEIA	-	Private Higher Education Act
GDP	-	Gross Domestic Product
SPM	-	Sijil Pelajaran Malaysia
STPM	-	Sijil Tinggi Pelajaran Malaysia
ADD	-	American Associated Degree
PLI	-	Poverty Line Income
PMP	-	Privatisation Master Plan
LAN	-	Lembaga Akreditasi Negara
PTPTN	-	Perbadanan Tabung Pendidikan Tinggi Negara



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Abstract

Glossary

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# 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<sup>1</sup>.

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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<sup>1</sup> *"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<sup>2</sup>. 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, even though 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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<sup>2</sup> 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<sup>3</sup>. 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<sup>4</sup>". 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.

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

<sup>4</sup> 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.

# Chapter 2

## Literature Review

### 2.1 General Overview

The rapid economic growth is an important factor in the growth of private higher education in Malaysia. In the first twenty-three years of independence (1957 - 1970), the Malaysian economy grew at the rapid rate of 5.8 percent (Rao 1976, cited in Jomo 1990), and averaged at 7.8 percent from 1971 to 1980 (4<sup>th</sup> Malaysian Plan, cited in Jomo 1990). Between the years 1992 to 1997, the real GDP oscillated between 7.8 percent (1992) and 9.5 percent (1995)<sup>5</sup>. Currently the private higher education sector in Malaysia is at a more advance stage compared to other developing countries. Malaysia has gone through major education reforms and the government has acknowledged the contributions of the private higher education.

In this chapter, the researcher will present a review of literature, which is relevant to this study. This chapter will focus on the previous researchers that have been conducted on this topic. Some of those researches may not be directly related to this study.

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<sup>5</sup> Ahmad Mahdzan Ayob(PhD) & Noran Fauziah Yaakub(PhD), paper, *"Business of Higher Education in Malaysia: Development and Prospects in the New Millenium"*, University Utara Malaysia.

Nevertheless, they do provide valuable insight into the field of private higher education, which in turn is closely linked to this study. Before going into more details on private higher education, it is important to understand the meaning of education itself. Thus, this part of the research will reflect upon a few definitions on education. Besides that, an overview of Malaysia's economic growth will also be presented in this part of the research. This will be followed by a brief explanation on the background of Malaysia's education and its open doors concept towards the development of private higher education in the country. In addition to that, the researcher will also look at the relationship between poverty and private higher education in Malaysia.

## 2.2 Economic Growth in Malaysia

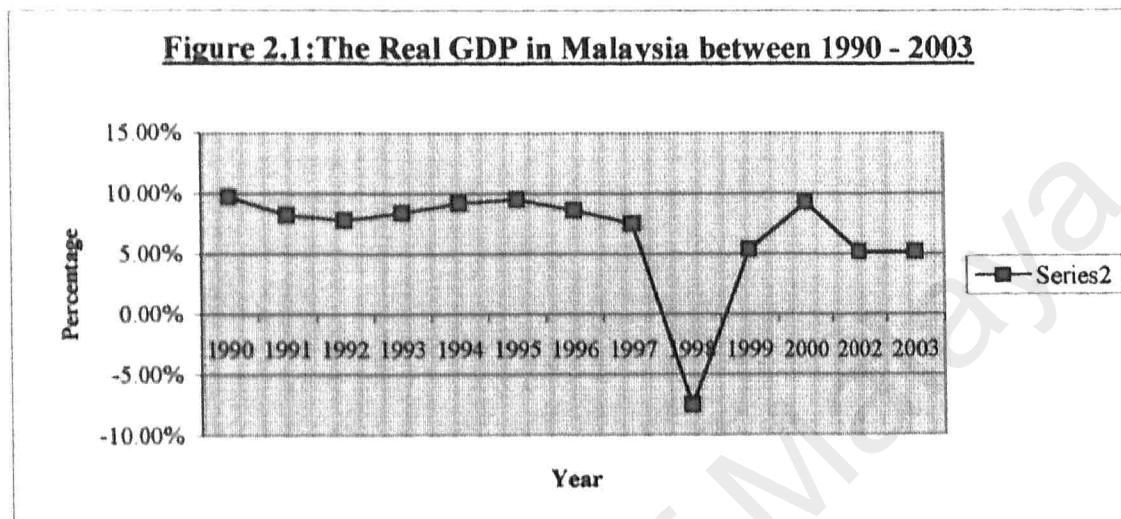
Before the economic crisis in mid-1997, Malaysia had been recording an average real Gross Domestic Product (GDP) growth of 8.9 percent per year from 1988 to 1996. During this period there was full employment and a low inflation rate. The unemployment rate averaged about 2.7 percent per year and inflation was at 2.8 percent per year<sup>6</sup>. In 1997, the real GDP was at 7.5 percent and the real GDP decreased to a negative 7.5 percent due to the financial crisis. However, the real GDP increased to 5.4 percent in 1999 indicating a growth in the economy. The Malaysian economy remained

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<sup>6</sup> Mohd. Ariff, Mohd Haflah Piei, Diana Wong, paper for *"Responding to the Economic Crisis in Malaysia: A Pro-human Development Perspective"*, United Nations Development Programme, regional Bureau for Asia.



robust with a GDP growth rate of 9.3 percent in 2000<sup>7</sup>. The Malaysian economy went on to achieve a GDP of 5.2 percent in 2002 and 2003 respectively. The Real GDP is shown in the figure below:



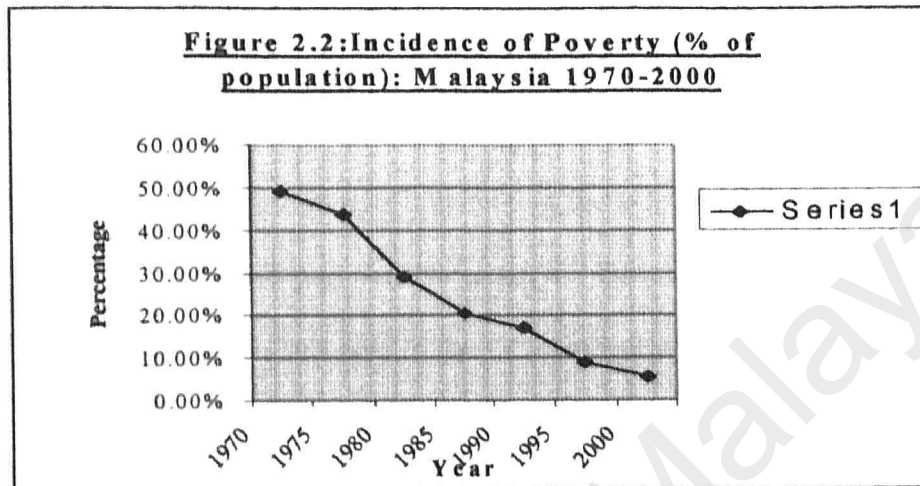
Source: "K. S. Jomo (editor), " *Malaysian Eclipse: Economic Crisis and Recovery*, " Zed Books Ltd. (pg260),  
 Note: A GDP rate for 2000 has been taken from " *Malaysia: Economic Performance and Prospects* ".  
 GDP rates for 2002 and 2003 have been taken from " *Data Pentang-Key Statistics Malaysia* ".

The high economic growth showed improvements in private household and social income. By 1995, 88 percent of urban household and 72 percent of rural household had access to electricity and 92 percent and 65 percent respectively of safe drinking water. Besides that, the private household income had also increased steadily over the past 25 years. Households living below the poverty line of RM 425 per month fell from 49.3 percent in 1970 to 8.9 percent in 1995 whereas the hardcore poor accounted for only 2 percent<sup>8</sup>.

<sup>7</sup> Article, " *Economic Review - Malaysian Economic Performance* ", indprospects.htm

<sup>8</sup> Mohd. Ariff, Mohd Haflah Piei, Diana Wong, paper for " *Responding to the Economic Crisis in Malaysia: A Pro-human Development Perspective* ", United Nations Development Programme, regional Bureau for Asia.

In the year 2000, the poverty rate decreased further to 5.5 percent<sup>9</sup>. The increase in income growth and the substantial decline in absolute poverty were followed by an improvement in income distribution. The poverty rate in Malaysia is shown in figure 2.3.



Source: Jeffery Henderson, David Hulme, Richard Philips, Noorul Ainur, "Economic Governance and Poverty Reduction in Malaysia".

Initially the substantial economic and social growth was based on the public sector expansion. However, after the recession in 1985, the economic and social growth was based on the private sector expansion. Increase in household income caused an expansion in the economy. In addition to that, the measures taken to eradicate poverty under the New Economic policy had an impact on the income redistribution and social development in the country.

Nevertheless, the economic downturn in 1997 had a negative effect on government efforts to reduce the incidence of poverty. The contraction in the economy caused unemployment to increase and income earning opportunities to decline. The

<sup>9</sup> Jeffery Henderson, David Hulme, Richard Philips, Noorul Ainur, "Economic Governance and Poverty Reduction in Malaysia".

reduction in salary and the increase in product price reduced the capacity of wage earners to transfer remittance to the rural areas. Besides, the increase in cost of tertiary education and healthcare affected the supply and demand services. In 1998 the unemployment rate increased to 3.9 percent causing the poverty rate to increase as well<sup>10</sup>.

Thus, the government reallocated the budget to support the social sectors and set up targeted programmes as a measure of minimising the effects of the crisis on the poor and lower income groups. This was done to retain the Development Programme for the Hardcore Poor (PPRT) and to limit cuts to the 1998 budget, which provided social, rural development and agricultural programmes<sup>11</sup>.

Providing subsidies was another measure taken by the government to reduce the impact of crisis in the primary and secondary school levels. As for the higher education, the government increased the allocation for the National Higher Education Loan fund to cater to more students. This enabled more students to access higher education in public and private institutions. This scheme enabled students from lower income groups to obtain maximum loan, which covered tuition fees, books, subsistence and other allowances. These measures reduced the impact of the economic crisis.

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<sup>10</sup> Article on, "*Country Assistance Plans – Malaysia: Sector Strategies*"

<sup>11</sup> Article on, "*Country Assistance Plans – Malaysia: Sector Strategies*"

## 2.3 New Economic Policy (NEP)

The New Economic Policy, which was announced in 1970, was to be implemented during a span of 20 years; that is from 1970 to 1990. The aim of this implementation was to overcome the perceived socio-economic imbalances in society. This was to be done by providing more opportunities for the Bumiputera.

The objective of this policy was to unite the multiethnic population because Malaysia is a multiracial country. Thus, it is important to have unity among the multiethnic communities that exist in Malaysia. This was done via government's intervention. These circumstances brought about responsibilities, which eventually became added objectives of NEP. These objectives would be;

- (a) to eradicate poverty by raising income levels and increasing employment opportunities for all Malaysians irrespective of race.
- (b) to restructure the society so that the identification of ethnic groups with economic function was eliminated (Malaysia, 1991)<sup>12</sup>

In order to eradicate poverty, it was necessary to improve the quality of life of the poor. This was done by improving the provision of social services to the poor such as

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<sup>12</sup> A.H. Roslan, *"Income Inequality, Poverty and Development Policy in Malaysia"*, School of Economics, Universiti Utara Malaysia.

housing, health, education and public utilities. In addition to that, basic education, training, financial and technical skills was provided to increase employment opportunities among the people. All this points towards education and its role in eradicating poverty.

Under the NEP, the restructuring of society was done in three levels that is:

- (a) to increase the share of Bumiputera employment in the modern industrial sectors.
- (b) to increase the Bumiputera share in corporate ownership.
- (c) To increase the number of Bumiputera entrepreneurs and Bumiputera managerial control<sup>13</sup>.

To sum up, NEP stressed on the use of education and training as a measure of eradicating poverty and restructuring the society. Thus, it is necessary to look at the New Economic Policy.

## 2.4 Definition of Education

Before going further into this research, it is important to understand the meaning of education. Education is defined as:

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<sup>13</sup> A.H. Roslan, *"Income Inequality, Poverty and Development Policy in Malaysia"*, School of Economics, Universiti Utara Malaysia.

“Activities which aim at developing the knowledge skills, moral values and understanding required in all aspects of life rather than a knowledge and skill relating to only a limited field of activity. The purpose of education is to provide the conditions essential to young people and adults to develop an understanding of traditions and ideas influencing the society in which they live and to enable them to make a contribution to it. It involves the study of their own cultures and of the laws of nature, as well as the acquisition of linguistic and other skills which are basic to learning, personal development, creativity and communication.”<sup>14</sup>

(Manpower services commission, 1981:17)

From a historical perspective, education was closely linked to the church in western countries and the number of people receiving education was very limited, as was the case with the guilds. Much of the emphasis was on classics, i.e. Latin, and Greek and there was minimal consideration of political applications. However the educated person was often more highly regarded and thus oversaw the craftsman, a trend which may still be seen today and which influences recruitment to some disciplines. In addition to that, education refers to the area of public policy concerned with programmes of learning in a particular jurisdiction taken altogether”<sup>15</sup>.

According to another source, education has been defined as:

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<sup>14</sup> John P. Wilson (edited ), *“Human Resource Development: Learning and Training for Individuals and Organizations”*, 1999, Bell & Bain Ltd. Glasgow.

<sup>15</sup> John P. Wilson (edited ), *“Human Resource Development: Learning and Training for Individuals and Organizations”*, 1999, Bell & Bain Ltd. Glasgow.

"Activities aimed at developing the knowledge, skills, moral values and understanding required in all aspects of life rather than knowledge and skill relating to only a limited field of activity. The purpose of education is to provide the conditions essential for young persons and adults to develop an understanding of the traditions and ideas influencing the society, in which they live and enable them to make a contribution to it. It involves the study of their own and the acquisition of linguistic and other skills which are basic to learning, personal development, activity and communication."<sup>16</sup>

(UC) (CEDEFP, 1996:48)

## 2.5 Educational Background in Malaysia

Private higher educational institutions include non-government-aided institutions and government aided institutions. It can be classified into four categories that are private colleges, private universities, university colleges and branch campus of foreign universities. Before the 1980s, the Malaysian government was the sole provider higher education. The government had provided complete funding to all public institutions of higher education. This was done through budget allocations. However after the 1980's,

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<sup>16</sup> John P. Wilson (edited ), *"Human Resource Development: Learning and Training for Individuals and Organizations"*, 1999, Bell & Bain Ltd. Glasgow.

Malaysia had gone through major educational reforms. The Malaysian government had finally acknowledged the contributions of the private higher education sector. There has been a sharp increase in the number of tertiary students especially in private sector. The total number of students enrolled at the tertiary level in private sector had increased from 35 000 in 1990 to about 203 000 in 2000. This has also caused the number of private higher educational institutions to increase from 156 institutions in 1992 to 707 in 2002<sup>17</sup>. The privatisation of higher education is due to the shortfall of seats in public institutions of higher learning.

In Malaysia to initiate major educational reforms, five new legislation was tabled in 1996. They are Educational Act 1996, Private Higher Education Act 1996, National Council on Higher Education Act 1996, National Accreditation Board Act 1996 and Universities and University Colleges (Amendment) Act 1996<sup>18</sup>. The passing of these Acts in 1996 by the Parliament was evidence of the acknowledgement of the government's contribution towards private higher education. This also provided the necessary framework for the liberalisation and privatisation of higher education on a larger scale to meet the social and economic needs of the country. The private higher Educational Act 1996 allows the establishment of private universities and branch campuses of foreign universities.

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<sup>17</sup> Molly N.N. Lee, research paper, "*Restructuring Higher Education in Malaysia*", University Sains Malaysia.

<sup>18</sup> Tan Ai Mei, "*Malaysian Private Higher Education: Globalisation, Privatisation, Transformation and Marketplaces*", 2002, Asean Academic Press Ltd. (Pg 81)



Since education comes closely under the supervision of the government, the department of private education under the Ministry of Education regulates the operations of all private higher educational institutions in the nation. This is done based on the Private Higher Educational Institutional Act 1996. Moreover, the National Accreditation Board was established under National Accreditation Board Act 1996 as a statutory body. It is responsible for formulating policies on monitoring and determining the standards and quality of courses offered by the private higher educational institutions.

The expansion of private higher education has brought about a diversification in the education institutions as well as the programmes of study. The private institutions are divided into profit-oriented enterprises and non-profit-oriented enterprises whereby individual proprietors and private companies set up the profit-oriented enterprises, public listed companies and government-based corporations. On the other hand, non-profit-oriented institutions were set up through foundations and community financing. As for the programmes of study, some of the private higher education institutions offer a wide range of programmes. The programmes offered range from pre-university to post graduate studies. Besides that, there are private colleges that specialise in certain areas such as medical, art and design, music, information technology and many more. The reason for this diversification is to cater to the changing needs of the labour market.

The growth of higher education in Malaysia has been shaped by internal social demands as well as external forces of the international arena (Lee, 1994). The rapid development of higher education is due to internal demands like income redistribution,

rising social demand and the need for skilled human resources. However a study on higher education and employment recorded a fair degree of mismatch between high level scientific personnel and the needs of the labour market (Fatimah et.al, 1985).<sup>19</sup>

## 2.6 Privatisation and Higher Education

To certain countries in Asia and Latin America, privatisation generally refers to the delivery of higher education by the private sector (Tilak, 1996; Levy, 1991). According to Smart (1996), Tilak (1996) and Buchbinder (1993), privatisation in higher education displays four major feature: budget cuts, user pays, competition and resort to the private sector for funds. Levy (1993) has suggested that privatisation is one of the fastest and easiest ways to expand places in higher education<sup>20</sup>.

The privatisation of higher education has caused the number of Malaysian private higher education institution to supersede the number of public universities. There has been a rapid increase in the number of private higher institutions in Malaysia that is from 280 in 1995 to 611 in 1999. This is due to the increase in the total number of student enrolments in higher education institutions. In 1987 the total number of students enrolled were only 15 000. However, in 1995 the number of enrolments increased to 127, 596 in

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<sup>19</sup> Tan Ai Mei, *"Malaysian Private Higher Education: Globalisation, Privatisation, Transformation and Marketplaces"*, 2002, Asean Academic Press Ltd

<sup>20</sup> Tan Ai Mei, *"Malaysian Private Higher Education: Globalisation, Privatisation, Transformation and Marketplaces"*, 2002, Asean Academic Press Ltd. (Pg 39)

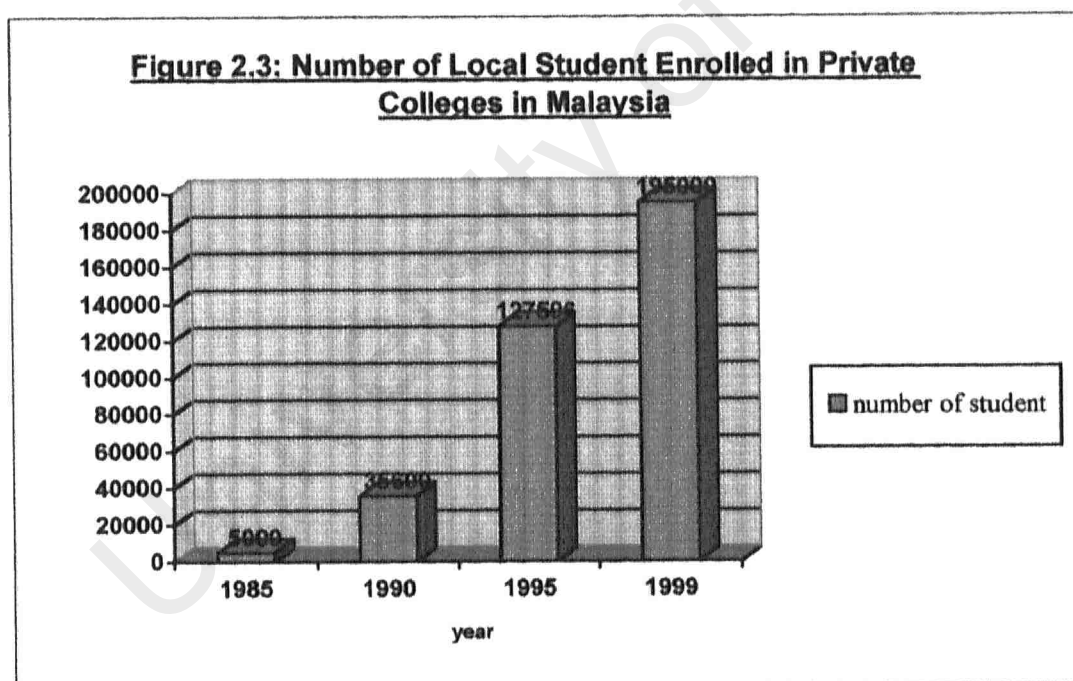
1995 and further increased to 195,000 in 1999<sup>21</sup>. The table below shows the number of private colleges, and local and international student enrolment in the Malaysian private colleges from 1985 to 1999.

**Table 2.1: Number of Private Colleges, and Local and International Student Enrolment in Malaysian Private Colleges (1985 - 1999)**

	1985	1990	1995	1999
Local student enrolment in private colleges	5 000	35 600	127 596	195 000
Number of private colleges	N/A	25*	280	611
Overseas student enrolment	N/A	N/A	N/A	10 283

Source: Student Enrolment: Lee, 1999b, p.7; other statistics: Department of Private Education.<sup>22</sup>

Note: \* figure derived from Zainal Ghani, 1990, on number of colleges engaged with the delivery of twinning programmes.



<sup>21</sup> Molly N. N. Lee, "Private Higher Education in Malaysia", (1999), Sinaran Bros. Sdn. Bhd

<sup>22</sup> Tan Ai Mei, "Malaysian Private Higher Education: Globalisation, Privatisation, Transformation and Marketplaces", 2002, Asean Academic Press Ltd. (Pg 39)

**Table 2.2: Malaysian Student Enrolment in Local Public, Private and Overseas Higher Educational Institutions (1985 - 2000)**

Types of institutions	1985	1990	1995	2000
Public institutions	86, 330 (51.1%)	122, 340 (53.0%)	189, 020 (51.5%)	167, 507
Private institutions	15, 000 (8.9%)	35, 600 (15.4%)	127, 594 (34.7%)	203, 391
Overseas institutions	68, 000 (40.0%)	73, 000 (31.6%)	50, 600 (13.8%)	More than 12, 794*
Total	169, 330 (100%)	230940 (100%)	367, 214 (100%)	N/A

Source: Statistics for the years 1985 / 1990 / 1995, Lee, 1999b, p.7; statistics for the year 2000, Hassan, 2000, pp2-3.<sup>23</sup>

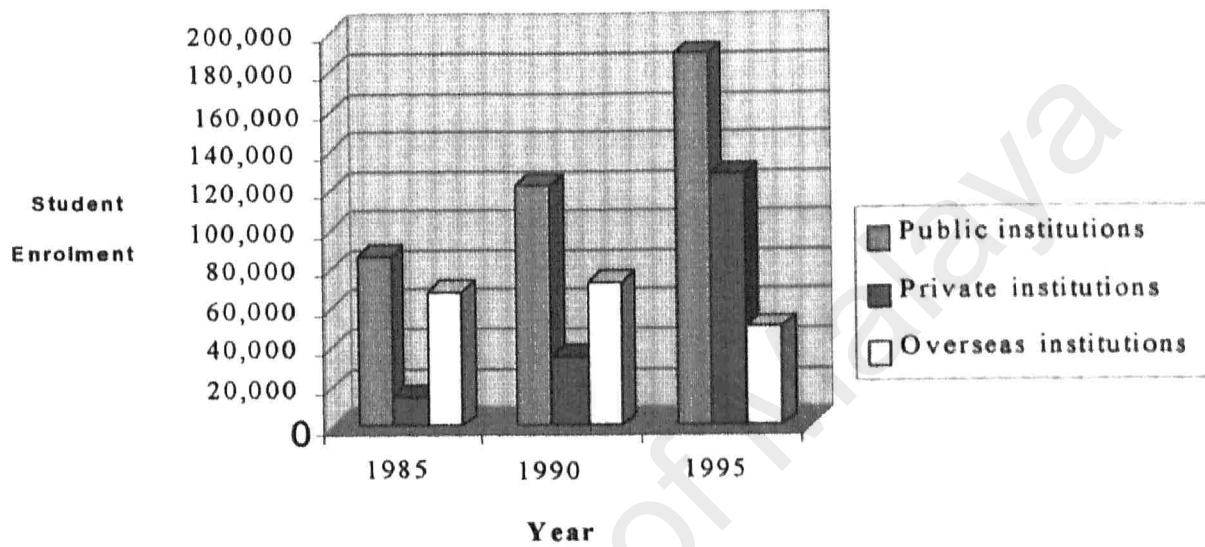
Note: \* Number of Malaysian students studying in overseas higher education institutions should be more than 12,794 in 2000 as statistics provided by the Ministry of education, Malaysia for the year 1998 was already 12794.

The table above shows that the number of student enrolment in public and private institutions increased between the years 1985 to 2000. However, the number of student enrolment in overseas institutions showed a decline between the years 1985 - 2000. This indicates that students were more inclined to pursue their tertiary education in a public or private institution within the country rather than studying abroad. This had also caused a rapid increase in the number of private higher institutions, as the number of students that were accepted into public institutions was limited.

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<sup>23</sup> Tan Ai Mei, "Malaysian Private Higher Education: Globalisation, Privatisation, Transformation and Marketplaces", 2002, Asean Academic Press Ltd

**Figure 2.4: Malaysian Student Enrolment in Public, Private and , Overseas Higher Educational Institutions (1985 - 1995)**



Source: Tan Ai Mei, "Malaysian Private Higher Education: Globalisation, Privatisation, Transformation and Marketplaces", 2002

## 2.7 Programmes Offered by Private Institutions

The 1990's witnessed a rapid growth of private institutions in terms of numbers and the variety of courses offered. The Malaysian government also encourages the setting up of private institutions, particularly those offering tertiary education through twinning programmes. This is to reduce the outflow of foreign exchange caused by the large number of Malaysian students pursuing higher education abroad. A wide range of post SPM programmes are conducted by private institutions for SPM holders such as:

- ❖ Overseas Pre- University Programme

- Students doing this course will be preparing for the 'A' level examination, South Australian Matriculation Examination or the American Associated Degree (AAD) programme.

- ❖ Professional Programmes

- Courses offered include accountancy, marketing, management, banking and others.

- ❖ Credit Transfer Programmes

- These programmes are conducted as follows:

- (a) The American Associate Degree or Community programme.

(b) The Diploma Programme - local institutions prepare students to obtain an internal diploma or one awarded by a foreign institution.

❖ Twinning Programme

- This is a popular programme in the country whereby a local institution establishes direct affiliation with a foreign university in offering degree courses to students.

❖ External Degree Programmes

- Under this programme, students are required to register themselves as external students with a foreign university. They will then pursue the course by attending private institutions in Malaysia, by self-study or by correspondence courses.

❖ Distance Learning

- This programme is aimed at providing an opportunity for students, especially working adults to enhance their knowledge and academic qualifications without giving up their careers or leaving their families behind to study overseas.

**Table 2.3: Types of Programmes Offered in a Sample of 122 Private Institutions**

Programmes	Number of programmes
Overseas Pre-University Programmes	55
Technical, Trade & Craft Programmes	122
Professional & Semi - Professional Programmes	165
Twinning or Split Degree Programmes	80
Credit Transfer Programmes	18
External Degree Programmes	57

Source: Molly N. N. Lee, "*Private Higher Education in Malaysia*", (1999), Sinaran Bros. Sdn. Bhd

## 2.8 Services Offered by Private Higher Institutions

Malaysia's education system aims to pursue the goals of educational excellence. Its higher education sets out to provide academic opportunities for its own people. Thus, both the public and private sector plays a vital role in achieving this goal. The increase in demand for education has caused an increase in the number of private higher institutions in Malaysia. These institutions not only provide education to the students but also various other services such as:



- ❖ Library and research services
- ❖ Accommodation
- ❖ Sporting and recreational facilities such as swimming pools, gymnasiums, and others.
- ❖ Counseling and career development units.
- ❖ Computer services
- ❖ Medical and health services
- ❖ Student clubs and associations
- ❖ Others such as cafeterias, bookshops, transportation and more.

## 2.9 The Relationship between Poverty and Education

Poverty has been an on going phenomenon amongst the world community. The issues on poverty have attracted the attention of various groups such as economists, sociologists and politicians. According to Martin Rein (1970), there are three approaches in determining poverty<sup>24</sup>. They are:

(a) The subsistence approach

- This approach identifies the poor as those whose earnings are insufficient to obtain the minimum necessities for maintaining physical efficiency.

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<sup>24</sup> Jamilah Afiffin, *"Poverty Amidst Plenty – Poverty: Conceptual Underpinnings Trends and Patterns in Malaysia and a Little Review"*, (1994), Faculty of Economics, University Malaya, Pelanduk Publication (pg2)

(b) The inequality approach

- This approach focuses on the nature and the size of the difference, the bottom 40 percent of households and the rest of the society in question.

(c) The externality approach

- This approach looks at the social consequences of poverty for the rest of the society rather than in terms of the needs of the poor.

Besides this, there are other definitions of poverty such as:

"A man is poor when he has less than enough income or less than enough nutrition and shelter and clothing to maintain himself in normal health and strength."<sup>25</sup>

(Henry Hazlitt; 1973)

According to La Thanh Ng Liep: 1990, the international comparison of poverty should be based on income level, average life span, rate of the population growth, birth rate, mortality rate, present level of medical services, present situation of choleric supply and educational level.

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<sup>25</sup> Jamilah Afiffin, "*Poverty Amidst Plenty – Poverty: Conceptual Underpinnings Trends and Patterns in Malaysia and a Little Review*", (1994), Faculty of Economics, University Malaya, Pelanduk Publication (pg2)

Basically poverty is a syndrome-affecting people in situations characterised by malnutrition and poor health standards, low income, unemployment, unsafe housing, lack of education, inability to acquire modern necessities, insecure jobs and a very negative outlook of life. (Based on translation of Chamhuri Siwar : 1988).<sup>26</sup>

There are two methods used to measure poverty that is absolute poverty and relative poverty. Absolute poverty refers to the concept of a minimum standard of living that is the poverty Line income (PLI) whereas the relative poverty refers to the per capita household income level that cuts off the bottom 40 percent of the population. The Poverty line income is defined as an income sufficient to purchase a minimum basket of food to maintain household members in good nutritional health and other basic needs such as clothing, rent, power, health care, education and recreation.

One of the most important determinants of poverty is inadequate education, which is caused by income inequality. The efforts to reduce poverty will fail if the country cannot provide basic education to its people. Through education, a society will be able to reduce deprivation and vulnerability. This is because education can help a society lift earning potential, increase mobility in labour, reduce fertility and also child mortality. Education will increase workers' productivity, provide better resource management and increase innovation.

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<sup>26</sup> Jamilah Afiffin, *"Poverty Amidst Plenty – Poverty: Conceptual Underpinnings Trends and Patterns in Malaysia and a Little Review"*, (1994), Faculty of Economics, University Malaya, Pelanduk Publication (pg2)

## 2.10 Privatisation and Restructuring of Society

The privatisation policy by the government was announced in 1983. This policy represents a new approach in the National Development Policy and complemented other national policies such as the Malaysian Incorporated policy. Privatisation is defined as the transfer of activities and functions, which were traditionally the responsibility of the public sector to the private sector. The government introduced the Malaysian Privatisation Masterplan (PMP) as a guideline to the implementation of the policy.

Privatisation and economic growth are closely related. It has led to corporate expansion and greater utilisation of growth opportunities. Besides that, privatisation has succeeded in reducing the administrative burden of the government especially in terms of personnel and finance. The privatisation policy has played an important role in increasing the participation of domestic investors in the development of the nation. Since 1983, a total of 179 projects have been privatised. This has increased efficiency and productivity in all sectors that contribute to the economic growth through enhancement of competition. The increase in efficiency and profits enables the government to gain additional revenue particularly in the form of corporate taxes in order to finance for its socioeconomic development plan.

The privatisation policy has managed to contribute towards the restructuring of the society, which is one of the objectives in the National Economic Policy (NEP). The privatisation programme has managed to increase the Bumiputera participation in the

corporate sector. These privatisation projects witnessed at least 30 percent Bumiputera participation while Bumiputera promoters have played an active role in the privatisation of new projects<sup>27</sup>. This policy has managed to reduce the government's financial burden. The government has been able to channel their funds to other areas where urgent poverty relief measures are needed.

In terms of higher education the privatisation programme has proven to be beneficial for the local as well as foreign students. The number of non-bumiputeras enrolled in private higher institutions has made up to 95 percent. The number of bumiputera students enrolled in the private institutions is about 5 percent. According to Tilak (1996) and Gonzalez (1997), in developing countries such as India and the Philippines, private higher education is a very significant means for one to secure an upwards mobility in the society<sup>28</sup>. This statement also applies to the Malaysian scenario, as private higher education in Malaysia is also an important means in restructuring society. It indicates that Malaysia is in sync with the trends of other developing nations.

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<sup>27</sup> Article on, "*Policy Implementation*", pmasterplan3.htm

<sup>28</sup> Tan Ai Mei, "*Malaysian Private Higher Education: Globalisation, Privatisation, Transformation and Marketplaces*", 2002, Asean Academic Press Ltd

## 2.11 Responsibilities of Private Higher Institutions

Private higher education is one of the fastest growing industries of the 21<sup>st</sup> century. Private higher institutions are expanding in scope and number. It is increasingly important in parts of the world that have relied on the public sector. The idea of an academic degree as a "private good" that benefits the individual rather than a "public good" for society is now widely accepted<sup>29</sup>. Private higher education delivers "product" knowledge and the credentials to apply that knowledge in modern society. It provides skills that individuals could use to raise their incomes and to achieve more prestigious careers. Besides that, it also improves the human resources that is needed for societal growth and the development of the economy.

Basically, higher education ensures a higher income and greater opportunities for graduates. Private higher education is also responsible for providing information to the public concerning program quality, the usefulness of degrees and certification and other details of their services. There is accreditation systems imposed, which is responsible for the quality of the educational programme. In conclusion, private higher education has a responsibility of maintaining its quality and at the same time encouraging social mobility.

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<sup>29</sup> Philip G. Altbach, Professor of Education and Director, *"Private Higher Education: The Public Responsibilities and Relationships of Private Post-Secondary Institutions,"* Boston College, Center of International Higher Education. (Pg 68)

## 2.12 Conclusion

In conclusion, the number of private higher education has increased tremendously. This is because of the rise in demand for higher education. The government has not been able to cater to the increase in the demand for higher education which has brought to the growth of private higher education. The private higher educational institutions have received a good response from the students not just locally but also from abroad.

# Chapter 3

## Analysis of Study

### 3.1 General Overview

Higher education is considered to be the key to both individual and societal aspirations. Higher education provides social esteem; better paying jobs, expanded life options and intellectual stimulation for individuals. On the other hand, for societies, higher education is referred to as the key to technology, productivity and economic growth. Thus, higher education plays a vital role in Malaysia's vision of attaining the status of a fully developed nation by 2020. The increase in incomes of families caused the demand for higher education to increase. At the height of the economic boom in the 90's, Malaysia wanted to speed up the production of its knowledge-based employees in an attempt to sustain the high economy growth<sup>30</sup>. This brought about the growth of private higher education. The demand for private higher education in Malaysia will continue to rise due to the increase of high school graduates, rising income of parents and the rising cost of lifestyle.

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<sup>30</sup> Ahmad Mahdzan Ayob & Noran Fauziah Yaakub, " *Business of Higher Education in Malaysia: Development and Prospects in the New Millenium*".



The expansion in private higher education due to the increase in student enrollment showed that most parents from the middle and lower classes are able to afford the cost of private higher education. This showed that there has been an improvement in family lifestyle. This means that more parents are able to afford to send their children to private colleges. The demand for higher education ensured better job opportunities. This created integration and assimilation within the different races in Malaysia. Thus, the restructuring of society took place, which also helped reduce poverty rate.

This chapter will describe the technique used to investigate the relation between private higher education and the reduction of poverty in Malaysia. Since this study is a qualitative research, the sources of data have been specified. In addition to that, the limitation and delimitation of the study is also included in this chapter. Furthermore, a research was conducted to examine whether the increase in private higher education brought about a decrease in poverty rate and also contributed towards the restructuring of society. This chapter provides the empirical explanation as to whether there has been a decrease in the poverty rate. Besides that, this data will also help to examine to what extent restructuring of society has taken place. A set of questionnaires was distributed to students who are studying in private colleges. A total of 130 questionnaires were distributed to students at random. The set of questionnaires obtained represented 65 percent of the response rate. The sample of students used consisted of students who were doing various courses and at different levels and different colleges.

## 3.2 Research Methodology

The data collected for this research includes primary data and also secondary data.

### (a) Primary data collection

A questionnaire-based approach was used as a method of collecting primary data. This questionnaire was given to students in the private higher learning institutions to obtain their feedback. The objective of the questionnaire was to find out whether there has been a change in the lifestyle of students. In addition to that, this questionnaire was distributed to find out whether there has been an improvement in their lifestyle since the time of their grandparents. For example, if the grandfather was a farmer, did the father also become a farmer or has there been an improvement in terms of their profession.

Besides, this questionnaire also required feedback on the level of education obtained since the time of their grandparents. This is to examine whether the increase in the level of education has managed to provide a better job opportunity. This is because a better job prospect would provide an improvement in their lifestyle. This in turn would reduce poverty.

The questionnaire is divided into three parts that is section A, B and C. Section A requires the students to provide information about their grandparents such as their education level and their source of income. Whereas Section B, consists of questions related to the students' parents. This section requires students to provide additional details such as their parents' education level, their source of income, their income level, number of children and others. The last section that is Section C is about the student. In this section students are required to provide information about their choice of course, level of education, ambitions, goals and others.

## (b) Secondary data collection

The secondary data collection involved obtaining information from various books, journals, and research papers and also from the Internet.

### (a) Library research.

This method involved collecting information from various books, articles from magazines and journals that are relevant to the research. As a result a lot of information that was relevant to the topic was obtained. Among the information obtained from this search revolved around the educational background in Malaysia, the economic growth in Malaysia and other relevant information.

(b) Collection of information from the Internet

Another source of secondary data collection was the Internet. There were articles that provided substantial information for the research such as the educational background, Malaysia's economic growth, the implications of private higher education and other information.

These methods used in the research provided sufficient information for the researcher to conduct this study. The main source of information was the primary data collection, which contributed to the findings of the study. The secondary data collected provided information for the theoretical framework and the conceptual framework as well as evidence and substance to uphold and support this research.

### 3.3 Limitations

There were a few limitations in conducting this study. They are:

- (a) This study was limited to a few colleges only that is Kuala Lumpur and the Klang Valley. However if the study was conducted in other states maybe the results would have been different.

- (b) The other problem faced was the sample size used was only 130. If there was an increase in the sample size, the results obtained could have been different.

### 3.4 Survey Results

The questionnaire that was handed out to the respondents was divided into three sections that is section A, B and C. The first section that is Section A requires information about the respondents' grandparents'. The issues discussed in this section were regarding the respondents' grandparents' educational level and their source of income or occupation. This will provide background information on the grandparents, which is necessary to analyse their lifestyle. The data obtained has been analysed and presented in the form of a table following the order of the questions stated in the questionnaire.

**Table 3.1: Grandparents' Educational Level.**

<b>Educational level</b>	<b>Total</b>	<b>Percentage (%)</b>
Not educated	55	42.3
Form 5	37	28.5
Form 5 and above	12	9.2
Others	26	20.0
<b>Total</b>	<b>130</b>	<b>100.00</b>

*Source: Results obtain from sample survey*

The table above shows the education level of the respondents' grandparents'. From the sample of 130 respondents, a total of 55 respondents' grandparents' are not educated. This is approximately 42.3 percent whereas 28.5 percent of the respondents' grandparents' have completed their form 5. Those who have completed their form 5 and have furthered their studies are about 9.2 percent, which is a total of 12 out of 130 respondents. Approximately 20 percent of respondents were unsure of their grandparents educational background due to various reasons such as their grandparents are not alive during the time of this research.

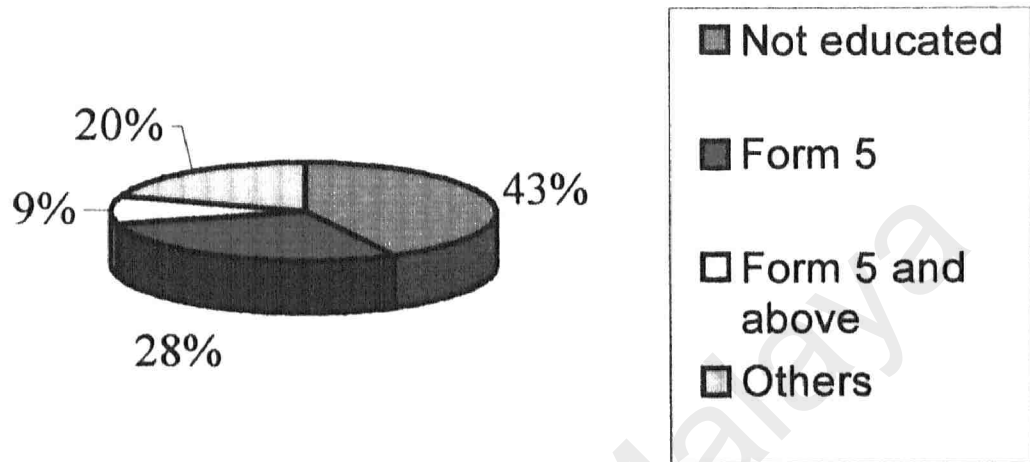
**Table3.2: Grandparents' Source of Income**

Category	Total	Percentage (%)
Professional	10	7.7
Non-professional	120	92.3
Total	130	100.00

Source: Results obtain from sample survey

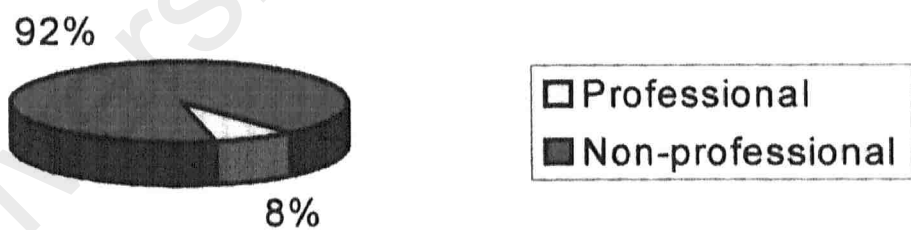
The table above shows the source of income of the respondents' grandparents'. The purpose of this question is to investigate the occupation of the respondents' grandparents'. This is divided into two categories that are professional and non-professional. There are about 10 respondents who have stated that their grandparents' were professionals. This is about 7.7 percent of the respondents. Most of the respondents' grandparents' are non-professionals, which are about 92.3 percent of the respondents.

**Figure 3.1: Educational Level of Respondents' Grandparents'**



Source: Sample survey

**Figure 3.2: Source of Income (Occupation) of Grandparents**



Source: Sample survey

Section B of the questionnaire is about the background of the respondents' parents. This is an important part of the questionnaire. The data collected in this section gives the opportunity to examine if there has been an improvement in the level of education as compared to the grandparents'. In addition to that, this part of the questionnaire will also indicate whether there has been an improvement in the standards of living from one generation to another.

**Table 3.3: Fathers' Occupation**

Category	Total	Percentage (%)
Professional	23	17.7
Non - professional	107	82.3
Total	130	100.00

*Source: Results obtain from sample survey*

From the table above, occupation has been divided into professional and non-professional. The analysis shows that 17.7 percent of the respondents' fathers are professionals. However, approximately 82.3 percent the respondents' fathers' are non-professionals. These non-professionals consist of businessman, sales managers, administrators and many more.



**Table 3.4: Mothers' Occupation**

Category	Total	Percentage (%)
Professional	7	5.4
Non-professional	52	40
Homemaker	71	54.6
Total	130	100.00

Source: Results obtain from sample survey

Table 3.4 shows the respondents' mothers' occupation, which has been divided, into professionals, non-professionals and homemakers. The data collected shows that 5.4 percent of the respondents' mothers' are professionals whereas about 40 percent of them are non-professionals. A large number of the mothers are homemakers that are about 54.6 percent of the respondents.

**Table 3.5: Fathers' Level of Education**

Educational level	Total	Percentage (%)
Graduate	75	57.7
SPM / LCE	42	32.3
Not educated	3	2.3
Others	10	7.7
Total	130	100.00

Source: Results obtain from sample survey

Table 3.5 examines the educational level of the respondents' fathers'. The educational level has been categorised as graduates (diploma or degree), until form 5 (SPM / LCE), not educated and others. From the analysis, about 57.7 percent are graduates and 32.3 percent are SPM school leavers. However, a small percentage, that is about 2.3 percent of the respondents' fathers' are not educated. There are about 7.7 percent of the fathers' who have other qualifications, i.e. special skill certificates and nursing qualification.

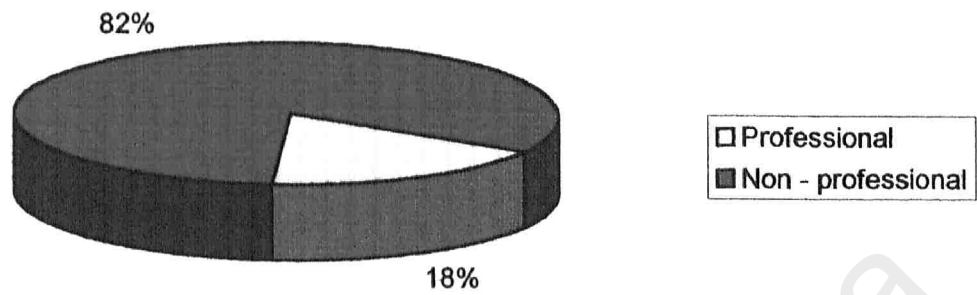
**Table 3.6: Mothers' Level of Education**

<b>Educational level</b>	<b>Total</b>	<b>Percentage (%)</b>
Graduate	58	44.6
Form 5	54	41.5
Uneducated	2	1.5
Others	16	12.3
<b>Total</b>	<b>130</b>	<b>100.00</b>

*Source: Results obtain from sample survey*

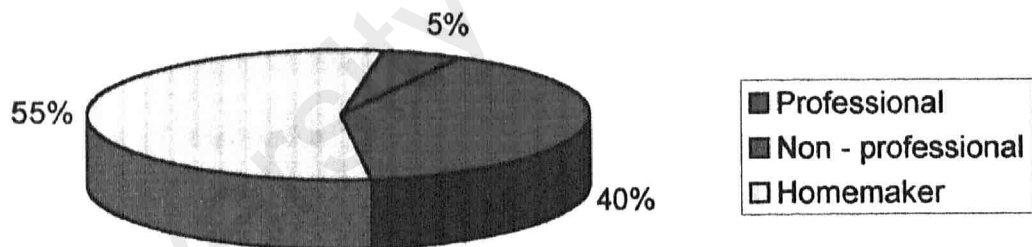
Table 3.6 shows the educational level of the respondents' mothers'. The educational level has been divided into four categories that is graduate (diploma or degree) SPM, not educated and others. The percentage of graduate mothers' is about 44.6 percent whereas those with just SPM qualification amounted to about 41.5 percent. The percentage of uneducated mothers' is very minimal; 1.54 percent and 12.3 percent have other qualification, i.e. special skills certificate and nursing qualifications.

**Figure3.3: Fathers' Occupation**



Source: Sample survey

**Figure3.4: Mothers' Occupation**



Source: Sample survey

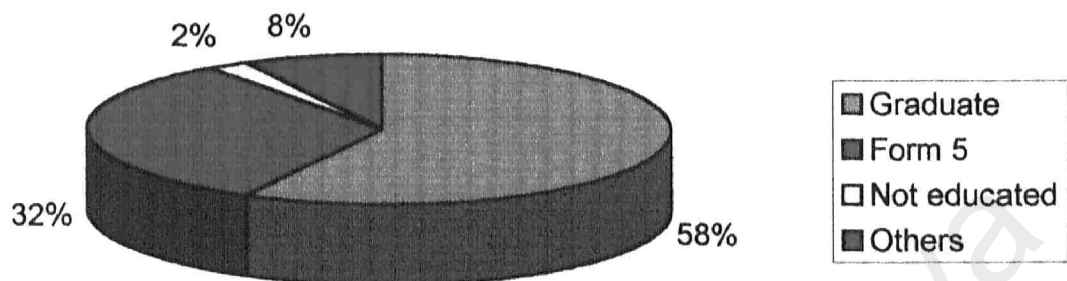
**Table 3.7: Fathers' Income**

Level of income	Total	Percentage (%)
Above RM 2500	107	82.3
RM 2500 – RM 2001	13	10.0
RM 2000 – RM 1600	5	3.9
RM 1000 – RM 1599	2	1.5
Below RM 1000	3	2.3
Total	130	100.00

*Source: Results obtain from sample survey*

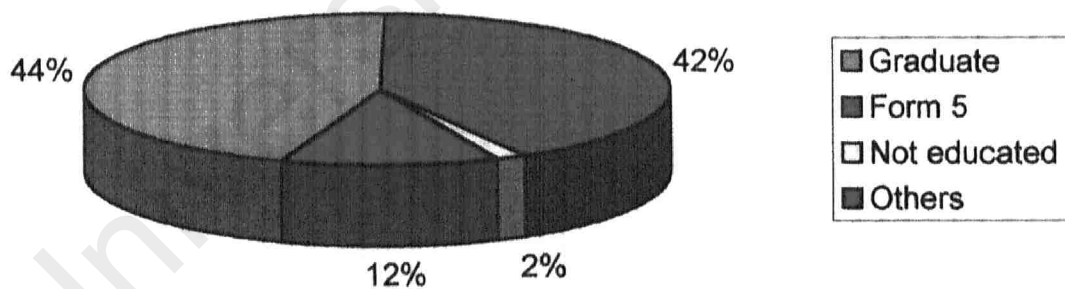
Table 3.7 shows the income level of the respondents' fathers'. The income level is divided into five categories. The analysis shows that 82.3 percent of the respondents' fathers' earn above RM2500. However, 10.0 percent of them are earning between RM 2500 to RM 2001 and 3.9 percent receive a salary between RM 2000 to RM 1600. On the other hand, 1.5 percent of respondents' fathers' receive a salary between a range of RM 1000 to RM 1599 and a small percentage of them which is 2.3 percent earn below RM 1000.

**Figure 3.5: Educational Level of Respondents' Fathers**



Source: Sample survey

**Figure 3.6: Educational Level of Respondents' Mothers**



Source: Sample survey

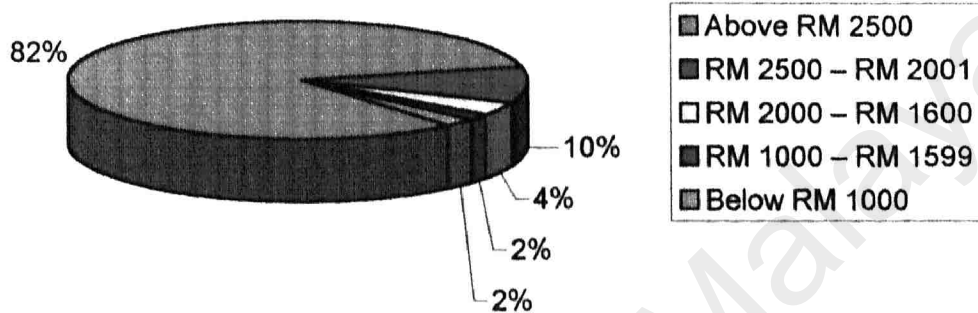
**Table 3.8: Mothers' Income Level**

<b>Income level</b>	<b>Total</b>	<b>Percentage (%)</b>
Above RM 2500	39	30.0
RM 2500 - RM 2001	11	8.5
RM 2000 - RM 1600	11	8.5
RM 1000 - RM 1599	12	9.2
Below RM 1000	34	26.2
No income	23	17.7
<b>Total</b>	<b>130</b>	<b>100.00</b>

*Source: Results obtain from sample survey*

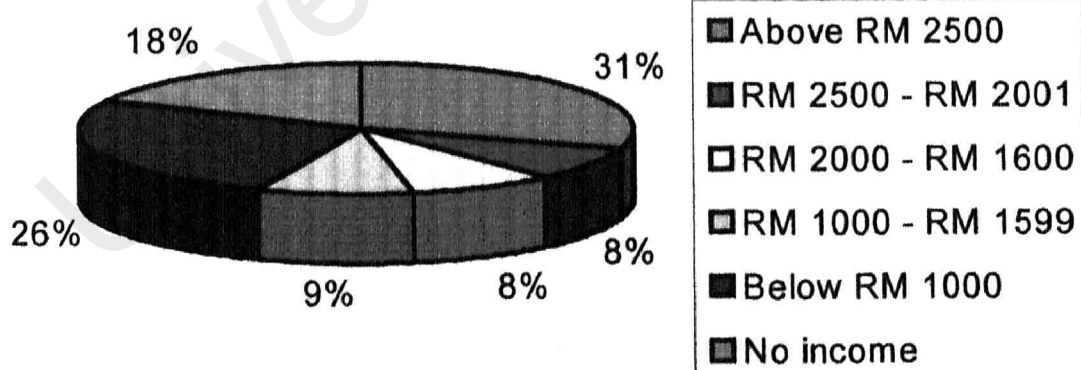
Table 3.8 indicates the income level of mothers' and it has also been divided into five categories. The analysis shows that 30.0 percent of them are earning above RM 2500.00. The percentage of mothers earning between RM 2500 to RM 2001 and RM 2000 to RM 1600 are the same, which is 8.5 percent respectively. The percentage of mothers earn between RM1000 to RM1599 is 9.2 percent and 26.2 percent earn below RM 1000.00. There are a small percentage of them, who are not having any source of income at all, which are approximately 17.7 percent.

**Figure 3.7: Income Level of Respondents' Fathers**



Source: Sample survey

**Figure3.8: Income Level of Respondents' Mothers**



Source: Sample survey

**Table 3.9: Number of Children**

<b>Number of children</b>	<b>Total</b>	<b>Percentage (%)</b>
1 - 3	104	80.0
4 - 6	24	18.5
7 - 9	1	0.8
10 -12	1	0.8
12 and above	0	0.0
<b>Total</b>	<b>130</b>	<b>100.00</b>

*Source: Results obtain from sample survey*

Table 3.9 shows the number of children in the respondents' family. The data shows that 80.0 percent of families have approximately one to three children. There are families that have approximately 4 to 6 children. This is about 18.5 percent of the respondents. There is only one family that has a range of seven to nine children and this amounts to only 0.8 percent. Similarly, there is only one family that has a range of ten to twelve children which is 0.8 percent. This shows that most of the respondents' families have small numbers of children.



**Table 3.10: Additional Source of Income**

Category	Total	Percentage (%)
Private tuition	2	1.5
Own business	63	48.5
Others	65	50.0
Total	130	100.00

*Source: Results obtain from sample survey*

The table above indicates other sources of income that is generated by the families such as private tuition and owns businesses. Most families are involved in various businesses. This covers up to 48.5 percent of the respondents whereas 1.5 percent of the respondents are involved in private tuition. Approximately 50.0 percent of the respondents are involved in other activities as a source of income such as multilevel marketing (Avon, Cosway and Nutrimetrics), property rental, catering food and babysitting.

Section C of the questionnaire requires information about the respondents. The kind of information required is about the respondents' gender, age group, course enrolled, mode of study, level of education and their financial support. It is necessary to analyse the respondents' age group. This will indicate the category of respondents' who demand for tertiary education. The courses enrolled would reveal the most demanded course by the respondents'. The level of education indicates the affordability of respondents'. The financial support would also reflect on the affordability of the respondents'.

**Table 3.11: Gender**

Category	Total	Percentage (%)
Male	51	39.2
Female	79	60.8
Total	130	100.00

*Source: Results obtain from sample survey*

From the table above, 39.2 percent of the sample respondents are male and 60.8 percent of them are females.

**Table 3.12: Respondents' Age**

Age group	Total	Percentage (%)
38 - 42	0.00	0.00
33 - 37	0.00	0.00
28 - 32	0.00	0.00
23 - 27	0.00	0.00
18 - 22	130	100.00
Total	130	100.00

*Source: Results obtain from sample survey*

The table above shows the age group of the respondents. The research shows that 100.0 percent of the respondents are between the age group of 18 to 22 years.

**Table 3.13: Mode of Study**

Mode of study	Total	Percentage (%)
Full time	130	100.00
Part time	0.00	0.00
Total	0.00	0.00

Source: Results obtain from sample survey

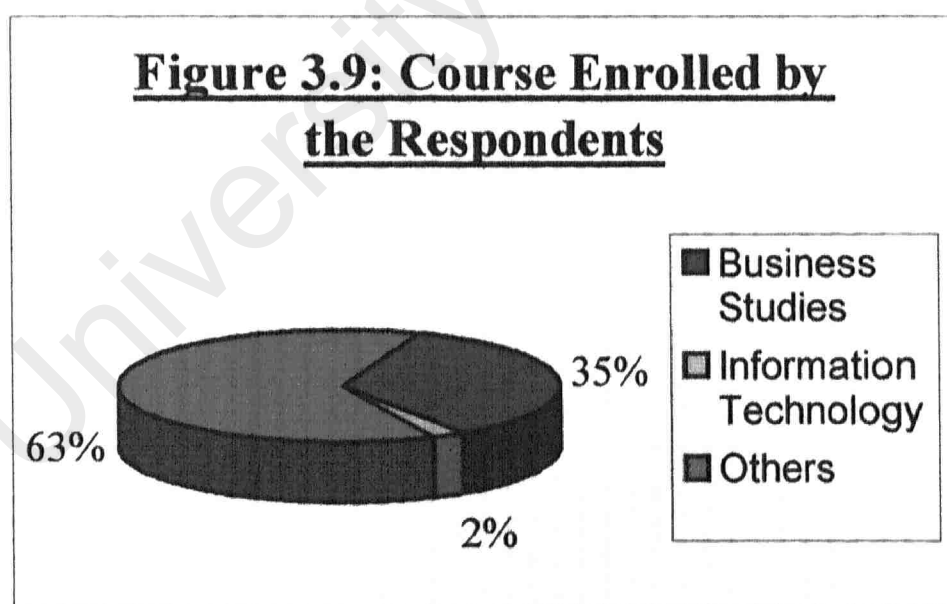
From the table, 100.0 percent of the respondents are full time students. There were no respondents who were studying part time. At the point when the questionnaires were handed out.

**Table 3.14: Courses Enrolled**

Courses	Total	Percentage (%)
Business Studies	46	35.4
Information Technology	3	2.3
Hotel Management	0.00	0.0
Language	0.00	0.0
Others	81	62.3
Total	130	100.00

Source: Results obtain from sample survey

Table 3.14 indicates the various courses that have been enrolled by the students. Some of the courses are business studies, information technology, hotel management, languages and others. The courses mentioned above are popularly demanded by the respondents'. The analysis shows that 35.4 percent of the respondents have enrolled in business studies course and 2.3 percent of the respondents are studying information technology. There were no respondents studying hotel management and languages. This is limited availability of the hotel management course. There was no respondents' enrolled for languages course because it is not a very popular course. However, there were approximately 62.3 percent of respondents studying other courses such as foundation programmes, engineering, biotechnology and many more. This is because most of the respondents' have just completed their SPM exams so it is a requirement for them to do a foundation course before pursuing a field of their interest. Besides that, there is a demand for professional courses such as engineering and medicine.



*Source: Sample survey*

**Table 3.15: Educational Level**

<b>Educational level</b>	<b>Total</b>	<b>Percentage (%)</b>
Certificate / foundation	86	66.2
Diploma	5	3.9
Degree	39	30.0
Postgraduate	0.00	0.00
<b>Total</b>	<b>130</b>	<b>100.00</b>

*Source: Results obtain from sample survey*

Table 3.15 shows the different levels of education of the respondents. This question has been divided into a few categories such as certificate or the foundation programme, diploma, degree and postgraduate qualification. Based on the table, 66.2 percent of the respondents are doing foundation courses whereas 3.9 percent were doing diploma level courses. Approximately 30.0 percent of the respondents are doing degree programmes but there are no respondents doing postgraduate studies.

**Table 3.16: Financial Support**

Category	Total	Percentage (%)
Self support	3	2.3
Parents	117	90.0
Scholarships	6	4.6
Loan	2	1.5
Others	2	1.5
<b>Total</b>	<b>130</b>	<b>100.00</b>

*Source: Results obtain from sample survey*

The table above shows financial support that is received by the respondents. This has been divided into five categories that is self-support, parents, scholarships, loan and others. From the data provided, parents are financially supporting a vast majority of the respondents which is approximately 90.0 percent the sample whereas about 2.3 percent of the respondents are supported by themselves. There are respondents who are under scholarships which is approximately 4.6 percent of the respondents' and 1.5 percent are being financed by a loan. There are respondents who are dependent on other sources of support and this is about 1.5 percent of the respondents'. Other sources of support would include 'Kumpulan Wang Simpanan Pekerja (KWSP)', relatives, and company sponsors.

In general, most of the respondents are interested in higher education. Some of these respondents are also interested in furthering their degree. Nevertheless, there are respondents who are not interested in furthering their studies after completing their

current course. Most of the respondents seemed to be quite ambitious as they have already mapped out future plans after completing their studies. From the data collected approximately 80.8 percent of the respondents are interested in becoming accountants and 13.1 percent of the respondents are interested in starting their own business. A small number of the respondents that is about 2.3 percent are also interested in becoming engineers. The rest of the respondents about 74.6 percent, are interested in pursuing other fields such as biotechnology, computer programming and many more. Table 3.17 indicates the future plans of respondents'.

**Table 3.17: Future Plans of Respondents'**

Category	Total	Percentage
Accountants	13	10.0
Business	17	13.1
Engineers	3	2.3
Others	97	74.6
Total	130	100.0

Source: Results obtain from sample survey

### 3.5 Interpretation of Survey Results

The analysis shows evidence that there has been an obvious improvement in the lifestyle of the respondents. Based on the data collected, most of the respondents' grandparents were uneducated. However, there were a small percentage of them who were educated at least to SPM / LCE level. Even though most of the respondents' grandparents were not educated, the analysis showed that most of the respondents' parents were educated. They did not follow on the footstep of their parents in the area of education. The percentage of uneducated grandparents was 42.3 percent whereas only 2.3 percent of the respondents' parents were uneducated. A total of 75 out of 130 respondents' parents were graduates and this is about 57.7 percent from the sample. The level of education obtained by the respondents' parents ensured that they secured better jobs as opposed to the respondents' grandparents. This has been proven from the data collected. Approximately about 82.3 percent of the respondents' fathers were earning an income above RM 2500 and 30.0 percent of the respondents' mothers were also earning an income above RM 2500. Thus, there has been a great improvement in the lifestyle of the respondents' families. The respondents' parents were able to provide a more comfortable life for the children. This indicates that the line of poverty is narrowed.

Besides that, the data also showed that there was an increase in the percentage of professionals from the respondents' grandparents to the respondents' parents. The level of education obtained by the respondents' parents had enabled them to obtain high paying jobs. This had contributed towards the reduction in the poverty rate because it brought



about an improvement in their lifestyle. The research also showed that the restructuring of society was possible because most of the respondents' parents were not doing the same job as the respondents' grandparents. For example if the respondents' grandparents were farmers, the respondents' parents had become successful businessmen. These events had again managed to jump-start the process of societal restructuring.

As for the respondents, their parents could afford to finance their higher education in colleges and other Institutes of higher learning. This has been proven by the data collected. Approximately by 90.0 percent of the respondents were being financed by their parents. Only a small percentage of respondents which is 4.6 percent and 1.5 percent were under a scholarship and loan respectively.

### 3.6 Conclusion

On the whole, it cannot be denied that the demand for higher education has increased. This is evident by the level of education obtained since the time of the respondents' grandparents and parents. As a result, public universities could not meet the rising demands. This has inevitably brought about the growth of private higher education in Malaysia. The number of respondents that were obtained and the courses that they have enrolled in shows that the demand for higher education has increased. Thus, the higher education provided by these private institutions would continue to ensure better paying jobs and has also simultaneously improved the lifestyle of the people.

In view of this context, higher education has evidently managed to reduce poverty rates. People are able to create better lifestyles via the process of private higher education. Their ratio of material affordability increases. Purchasing power also begins to rise. Therefore, the line of poverty begins to fade. When the poverty gap decreases then restructuring of society occurs. These events are related and linked to each other. However, the catalyst to these circumstances is private higher education. Without the emergence and growth of private higher education into the frontline scenario of national growth, these events would not exist in recent times. The process would have happened in much later years. This would not be profitable for a country that is aiming to become a fully developed nation. Therefore private higher education is an important player in the efforts to reduce poverty.

# Chapter 4

## Reasons and the Implications of the Growth of Private Higher Education

### 4.1 General Overview

There has been rapid expansion of the private higher education sector in Malaysia for the past thirty years. This is obvious in terms of an increase in the number of private institutions of higher learning. One of the reasons for the growth in private higher institutions is because of the increase in the demand for education. It has been noted that the number of private institutions of higher learning has doubled within a four-year period from 156 in 1992 to 354 institutions in 1996. The latest figure shows that there are 415 private institutions of higher learning throughout the country (Sunday STAR, 1997)<sup>31</sup>.

In order to encourage the growth of private higher education, five legislations has been passed in the Parliament of Malaysia. These five legislations have contributed towards the restructuring of private higher education. Thus, in this chapter the researcher will analyse the reasons for the rapid growth in private higher education. The implications of this growth will also be analysed in this chapter.

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<sup>31</sup> Molly N. N. Lee, " *Private Higher Education in Malaysia*", (1999), Sinaran Bros. Sdn. Bhd. (Pg 95-98)

## 4.2 Reasons for the Growth of Private Institutions of Higher Learning

The number of students enrolled in private higher learning institutions has increased tremendously. In 1985, 15 000 students had enrolled in these institutions. However, this number increased to 35 600 in 1990 and in 1995 the numbers further increased to 127 594<sup>32</sup>. The increase in the number of students is shown in the table below:

**Table 4.1: Number of students enrolled in the private higher institutions in Malaysia between for the year 1985, 1990 and 1995.**

Year	Number of students enrolled
1985	15 000
1990	35 600
1995	127594

There are various reasons that have contributed to the increase in the growth of private higher education. They are:

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<sup>32</sup> Molly N. N. Lee, " *Private Higher Education in Malaysia*", (1999), Sinaran Bros. Sdn. Bhd. (Pg 95-98)

#### (a) Increase in income

The growth of private higher education is not just because of the economic expansion. One factor that has managed to increase the number of private higher institutions in the country is the increase in personal income. Due to the rise in household income, more parents are able to send their children to private higher learning institutions. The rise in household income is due to dual income generated by parents. This makes it possible for most parents to afford the cost of private higher education for their children.

#### (b) Rapid industrialisation

The rapid expansion in industrialisation has caused the demand for private higher education to increase. Over the last decade the government had attempted to navigate industries in the nation away from a labour intensive-manufacturing sector into a capital-intensive manufacturing sector. The government has also stressed on the utilisation of information technology and also research and development. This makes industrialisation to focus on skill oriented labour forces. Thus, the demand for skilled workers has increased. This has caused an increase in the demand for private higher education. Private higher education had stepped in at this juncture, when it began to cater to the needs of industrialisation. This was done because private higher education recognised the correct

needs of industrialisation and began to offer skills-orientated courses such as information technology, graphic design, business and others.

The public universities have not been able to cater to this demand because they were academic orientated. to switch gears at the eleventh hour would have required intense restructuring and rescheduling. At the same time, students are willing to enroll in private higher learning institutions in order to further their studies. This had increased the number of private higher learning institutions in Malaysia.

#### (c) The development of the economy

Malaysia has continued to maintain a global focus in terms of tapping external knowledge as the country attempts to reach "developed country" status by the year 2020. Thus, the government has encouraged local students to accept the concept of American or Australian programmes that are offered by the private colleges<sup>33</sup>.

#### (d) Support by the government

The Malaysian government has also encouraged the expansion of private higher institutions. Students who have enrolled in a programme that has the LAN accreditation are eligible to apply for loans from the National Higher Education Fund Corporation<sup>34</sup>.

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<sup>33</sup> *"Higher Education/ Training Opportunities-Market Assesment"*, [http: strategies.ic.gc.ca/html](http://strategies.ic.gc.ca/html)

<sup>34</sup> Ahmad Mahdzan Ayob(PHD) & Noran Fauziah(PHD), *"Business of Higher Education in Malaysia: Development and Prospects in the New Millennium"*.

This provides the opportunity for the middle-class students to further their studies in private colleges, as they are able to get financial aid. As a result, this has encouraged the growth of private higher education.

#### (e) Corporate involvement

The corporate involvement in the development of private higher learning institutions has become an inclination. Most major private higher learning institutions have been set up by large corporations such as Sunway Corporation which has set up Sunway College, MBF Holdings which has set up Taylor's College and PERNAS which is involved in the Hotel Management School. The setting up of these colleges aims at training future potential staff for these companies.

On the whole, the reasons for the growth of private higher learning institutions have benefited the nation. This is because it has not only catered to the increasing demand in tertiary education but it has also churned out skilled graduates. These graduates have managed to obtain high paid employment. As a result, there has been an improvement in their lifestyle as opposed to their parents. This improvement inevitably closes the poverty line.

## 4.3 Implications of Private Higher Education

### (a) Decrease in the number of students studying abroad.

The increase in the number of private higher institutions of higher learning in the country has managed to curb the number of Malaysian students studying abroad. Currently students who want to obtain a foreign degree need not go abroad to further their studies. They are able to obtain a foreign degree internally in Malaysia through twinning programmes such as the 2+1 or 3+0 programmes. The 2+1 programme allows the student to study in the country for two years and to go overseas to complete the final year. On the other hand, the 3+0 programmes enable students to complete the three years in the country. Besides, students are also able to do courses in branch campuses that have been set up in Malaysia. Among the branch campuses that has been set up in Malaysia are the University of Nottingham in Malaysia, Curtin University of Technology Sawarak Campus Malaysia and Monash University Malaysia.

The economic crisis in Malaysia has brought a boom to the private higher education industry. The depreciation of the Malaysian ringgit from RM 2.50 per dollar to RM 3.80 per dollar made it difficult for many middle class parents to send their children to study overseas. During the currency crisis, approximately 2000 students had return from overseas to continue their studies in local universities and also in private higher learning institutions. Since then, the number of Malaysian students going abroad to study has decreased. Thus, these days, with the increase in the number of private colleges most



parents prefer to send their children to study in these institutions, as it is more economical.

(b) A wide range of choices

The growth of private higher learning institutions has given students a wide range of choices in terms of programmes and courses. Many private higher institutions of learning offer a variety of courses such as Business Studies, Information Technology, Art & Design, Hotel Management, Multimedia and Graphic Design. These courses make it easier for students to choose their preferred course as they are provided with many options. Besides a variety of courses, these private higher learning institutions also offer different levels of study. The levels of study range from foundation programmes up to postgraduate studies. The certificate courses are mainly for students who have just completed their Sijil Pelajaran Malaysia (SPM). In order to enable these students to do their degree, they will have to complete their A-levels or a foundation programme.

In addition to that, most of the private higher learning institutions in Malaysia provide not only full time courses but also part time courses. These part time courses are catered mainly for the working adults whereby they do not have to leave their jobs in order to further their studies. Besides that, students who have completed their SPM and are not able to further their studies due to financial constraints can also enroll themselves for these part time courses. This would enable them to seek income in order to cover the expenses of their course.

### (c) Variety in mode of delivery

In the early years of education, the mode of delivery was classroom-oriented lectures. It was a teacher-centered method of delivery. Students are required to listen and take notes. However, this mode of delivery has changed over the years with the advancement of technology and the growth of private higher education. Today, student centered delivery modes and discussion have been recommended. Student teacher interaction has also become important.

Moreover, in recent years, one of the most popular modes of delivery is the distance-learning programme. The distance-learning programme is a programme where a local organisation will provide learning facilities using local lecturers. Students are provided with the study materials by post or by e-mail and the classes are conducted on a weekly basis. However, at the end of the semester, students are required to attend lectures in the institutions of higher learning concerned. This is a very beneficial method especially for working adults, as they do not have to give up their jobs in order to study. They would be able to retain their incomes and at the same time pursue their studies in order to create better life for themselves.

#### (d) Increase in the number of foreign students

One other important implication in the private higher education sector is the increase in the number of foreign students studying in Malaysia. Most private higher institutions of learning welcome the enrolment of foreign students in order to increase their profits. This is because foreign students pay higher fees as compared to the local students. In addition to that, these students are also required to make full payments for their course and are not entitled for any installment schemes. These foreign students come from various countries such as Thailand, China, Indonesia, Korea, Pakistan, India and Bangladesh. Students from these countries find it much cheaper to obtain a western degree in Malaysia compared to the degrees obtain in western countries. In 1996, the number of foreign students studying in private higher institutions of learning in Malaysia reached 5635 students. This number increased to 11 733 in 1998.

#### (e) Quality of education

The rapid expansion in private higher learning institutions rises the question of quality education. The basic objective of education is to help an individual develop his full potential. Thus, the quality of education will take into consideration the nature of the intellectual development that takes place in a student's mind, their ability to be self-critical and their capacity to think and rationalise for themselves so that they can be independent in decision making. There are more than 600 private institutions of higher learning offering various types of programmes. Thus, the quality of private higher

education varies from one institution to another. Due to the demand in education, the emergence of small colleges has become rapid. Most of these small colleges have minimum facilities and face a shortage of qualified academic staff. There are some colleges that operate with first-degree holders as academicians or part time academic staff. This affects the quality of education that is provided by the private higher learning institutions. For example in Romania, following the initial evaluations conducted by its new accreditation system in 1997, only 36 of the country's 250 private institutions were awarded accreditation for at least one-degree programme. The students of the other schools found themselves holding degrees of questionable value and enrollments in private higher education significantly decreased.

In view of this, the Malaysian government has taken measures to ensure the quality of education in private higher learning institutions. In 1997, the Malaysian government established the National Accreditation Board to accredit programmes and courses in private institutions of higher learning in Malaysia. Before a college is able to run a course, it has to meet "minimum standards" set by the National Accreditation Board. This accreditation enables a student to apply for loans from the National Higher Education Fund Corporation. Besides, this accreditation also enables a graduate from private colleges to seek employment in the government sector. Thus, the growth of private higher education in the nation has brought about concern towards quality education. This concern has set the standards for private higher education in the nation, which puts it on a parallel status with public educational institutions.

(f) Availability of funding

Private higher education has enabled students to get more funding of resources. For example, previously loans such as PTPTN were only provided for students studying in public institutions. However, there has been a change. Nowadays, PTPTN loans are also provided to students who are studying in private institutions of higher learning. Besides that, the number of banks offering education loans has also increased due to the demand in tertiary education.

(g) A change in students attitude

Previously, a student who does not do well in his SPM or STPM examination has got limited option where tertiary education is concerned. This is because their access into public universities is denied. This caused social problems to alight due to frustration and depression. Amongst these social problem are drug abuse, petty theft, shop lifting, illegal business etc. Private higher education has changed this scenario. Its growth had provided numerous options to young adults to pursue their studies. This enables them to turn their attention and focus into more profitable causes. This created a positive change of attitude, which enable young adults to channel their energies into future investments, i.e. education. In relation to this, social problems have been reduced drastically.

In short, the implications of private higher education have brought about an improvement in the nation standard of living. The growth of private higher education has

increased the number of knowledge based workers in the country. Besides that, it is also a source of increasing the inflow of money in the country. This is evident in the number foreign students studying in the country. In addition, the increase in the availability of funding has enabled more students to further their tertiary education in the private higher learning institutions. Thus, upon completion of their studies they have been able to get better employment. This has increased their purchasing power and has improved their lifestyle. As a result there has been a decrease in the poverty line.

## 4.4 Conclusion

In conclusion, the growth of private higher education has managed to reduce the poverty rate. It has also managed to restructure the society. This is evident in the employment sector. Students are able to pursue a career of their interest without following their parents' footsteps. This has created social mobility in the country.

The development of private higher education has given a positive indication to the nation. This is because it has catered to the rising demand in tertiary education. It has played an important role in improving the lifestyle of the nation and has contributed in restructuring the society. Thus, the growth of private higher education has managed to reduce the poverty rate in the country.

# 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'<sup>35</sup>.

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 through this transition. The World Bank study conducted by Peril & Promise, which focuses on developed countries, observes that,

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<sup>35</sup> Tan Ai Mei, " *Malaysian Private Higher Education: Globalisation, Privatisation, Transformation and Marketplaces*", 2002, ASEAN Academic Press Ltd. (Pg 28)

" 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."<sup>36</sup>

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.

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<sup>30</sup> Article, "*The Universal Impact of Competition and Globalisation in Higher Education*," OCT 2000, The Futures Project.

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 21<sup>st</sup> 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"<sup>37</sup>. 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.

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<sup>37</sup> Dr. Sulochana Nair, " *Poverty In The New Millenium - 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<sup>38</sup>.

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

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<sup>38</sup> 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 these 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 status 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 additions 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 of 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.

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