

## ABSTRACT

In the private higher education markets in Malaysia today, education programs are marketed like any other commercial products. The programs are designed, packaged, priced and sold to the consumers – the students. Due to the fact that in these markets, the students are mostly self-funded (without scholarship) pricing strategy is one of the most important marketing tools used by the private higher education institutes (PHEIs). Using the hedonic pricing model, this study has identified several factors that are influential in determining the tuition fee of a degree program offered by a PHEI in Malaysia. This study investigates two markets: the private colleges and the private universities.

It is found that tuition fees are determined differently in the two markets. Due to the differences in structure in the two markets, some factors that significantly affect the tuition fee in one market are not significantly influential in the other market.

In both markets, programs offered by PHEIs with Multi Super Corridor (MSC) status command significantly higher tuition fee than those offered by PHEIs without the status. As for the prestigious ISO awards, they allow the private colleges to charge a higher tuition fee but among the private universities investigated, none of them has this award. In the private colleges market, art and design programs are most expensive followed by the engineering programs. Both business and information technology related programs are not significantly different in tuition fees. In the private universities market, there are no art and design programs and engineering programs command the highest tuition fee. In this less competitive market, programs related to information technology are more expensive compare to programs related to business.

Among the private universities the programs offered by foreign branches command higher fee and among the local college programs with foreign credentials (make available by the 3 + 0 programs) command higher fee. While foreign branches charge the highest fee among the PHEIs, local universities charge higher fee than the local colleges.

In the private universities market, programs offered by older universities command higher tuition fee than those offered by the younger universities. However in the private colleges market, age is not a significant determinant of tuition fees.

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