

Restructuring Higher Education in Malaysia

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The drastic restructuring of higher education is a significant trend worldwide during the 1990s. The essence of the restructuring process is a redefinition of the relationship between the university, the state, and the market, and a drastic reduction of institutional autonomy. This global trend has led to national policy changes and institutional development in the higher education system in Malaysia. Under the new policy framework, higher education has been privatised and public universities have been corporatised.

My analysis of the Malaysian case shows a sharp growth in the number of tertiary students especially in the private sector. The total number of students enrolled at the tertiary level, in both the public and private sector has doubled from 230,000 in 1990 to about 385,000 in 2000. The number of private educational institutions has increased more than four-fold from 156 institutions in 1992 to 707 in 2002. In 1995, there was no private university but by 2002, there are 12 private universities. The number of students enrolled in these private institutions rose from about 35,600 in 1990 to about 203,000 in 2000 which accounted for 53 percent of the total number of tertiary student. The privatisation of higher education is due to the shortfall of places in public institutions of higher learning to meet the increasing demand. This problem is further exacerbated by the ethnic quota system, the high cost of overseas education, and the devaluation of the Malaysian ringgit during the 1997 Asian economic crisis.

The expansion of private higher education is accompanied by a diversification of educational institutions and programmes of study. Over the years, private institutions have evolved different modes of ownership, some of which are profit-oriented enterprise which others are non-profit. Profit-making institutions were set up by individual proprietors, private companies, consortia of companies, public listed companies and government corporations. On the other hand, non-profit educational institutions were set up by foundations, philanthropic organizations, and through community financing. Besides differences in the mode of ownership, the PHEIs also differ in their market focus. Some of them offer a wide range of programmes in various fields of

studies from pre-university to post-graduate level, while others specialise in specific areas such as medical fields, art and design, language, music, information technology and so on. The strategy of the latter group is to carve a niche market for themselves instead of competing on the same turf with the other colleges. It is through institutional differentiation that the private education sector can become more responsive to changing labour market needs.

As in other countries, the survival of PHEIs depends on their ability to experiment and innovate with different kinds of programmes of study so that they can offer more choices to their customers. The programmes offered by PHEIs in Malaysia can be broadly categorised into three groups, namely, (i) internal programmes, (ii) transnational programmes, and (iii) programmes leading to qualifications awarded by external bodies. The transnational education programmes are the ones that are very popular among the students and draw a lot of interest among scholars of higher education. The transnational programmes include twinning programmes, credit transfer programmes, external degree programmes, and distance learning programmes.

Starting in 1998, 5 public universities have been corporatised. The corporatisation of public universities is very much in line with the global trend of changing universities into enterprises and to develop corporate culture and practices that enable them to compete in the market place. This trend is reflected in the corporatisation of Australian universities and the changing of public universities into “entrepreneurial universities” in Singapore and “autonomous universities” in Indonesia and Thailand. Universities are being made to operate like business organizations. Instead of producing and transmitting knowledge as a social good, the universities are placing emphasis on the production of knowledge as a marketable good and a saleable commodity. Universities are engaged in market-related activities. Matters like which courses to teach, which research initiatives to fund, which student populations to serve, and which enrolment policy to adopt is increasingly being determined by market forces. It can be seen that educational institutions in both the public and private sectors in Malaysia are adopting a commercial approach to higher education.

The corporatisation of public universities involve changes in the governance structure, the diversification of revenue, and the institutionalisation of corporate managerial practices. A significant change in university governance is the reduction of academic representation in the Senate,

which also reflects the diminishing influence of the academia in the decision making process. The Vice-Chancellor operates like a Chief Executive Officer (CEO) who is often called upon to make top-down decisions in response to external environment. The corporatised university has to raise a portion of its operating costs through market-related activities like research grants and consultancy, franchise educational programmes, rentals from university facilities, and full-fee paying foreign students.

Besides diversifying its source of revenue, a corporatised university has to take steps to improve its institutional management internally. Management techniques from the private sector like mission statements, strategic planning, total quality management, ISO certification, right sizing and benchmarking are beginning to be institutionalised in all public universities. All these changes in the management practices can be seen as a more powerful role for the university's central authorities in resource management and in orienting and controlling department activities. There have also been attempts to restructure departments into larger groups to form viable decision-making and administrative units. There are also additional units for industry liaison for revenue-generating activities, as well as for institutional development purposes.

With the expansion and diversification of higher education, the Malaysian state has to expand its role from being the main provider to a regulator and protector of higher education (Lee, 2000). As a provider, the state allocates resources to institutions of higher learning and provides funds for scholarships and student aid, research, and capital expenditures. As a protector, the state takes on the function of consumer advocacy by improving access to higher education, formulating policies to promote social equality, and by monitoring the quality of academic programmes. As a regulator, the state ensures oversight of new and emerging institutions through institutional licensing and programme accreditation. The state also steers by structuring the market for higher education services to produce outcomes consistent with government priorities. The state plays these additional roles through legislative interventions. The Malaysian government legislated 5 Acts between 1995-1996, all of which have implications on higher education. Through these Acts, the Malaysian state reins a tight control on all the higher education institutions.