Private Higher Education in Malaysia:
Access, Internationalisation and Quality Assurance

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Candidate’s declaration

I certify that this thesis “Private Higher Education in Malaysia: Access, Internationalisation and Quality Assurance” submitted for the degree of Master in Social Science is the result of my own work and was undertaken during my time enrolled at RMIT’s research program. This work has not been previously submitted, in whole or in part, to quality for any other academic award.

Any other publications and research of others is duly referenced and this research has complied with the University’s ethics procedures and guidelines.

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Date: 13 November 2012
Acknowledgement

For my parents: the two people who have given me everything they have.

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ABSTRACT

This thesis examines the private higher education sector in Malaysia. The research focuses on how private providers have contributed in increasing access to higher education, how it has contributed to the internationalisation of the Malaysian higher education system and how quality assurance measures in the sector has evolved over a period of 15 years from 1995, when legislation was introduced to liberalise the higher education sector, to 2010.

Data was collected using semi-structure interviews with various stakeholders in the private higher education sector, and through government documentation (sourced from the Economic Planning Unit, the Ministry of Education and the Ministry of Higher Education) to provide a state perspective on the sector. This data was also supplemented by secondary data such as reports and publications from Malaysian and international sources.

The findings demonstrate the private higher education has played a significant demand-absorbing role in increasing access across a number of fronts, including the increasing and reshaping the domestic student demographic and diversifying the higher education sector with the range of providers available. However, the findings also demonstrate that private providers dominate at the undergraduate, diploma and certificate levels and play a limited role in postgraduate studies and research due to the high investments required for postgraduate study.

The private sector has been instrumental in the internationalisation of the Malaysian higher education sector and plays an integral part in developing the country as an education hub. Private providers attract the majority of international students, provide a diverse range of international programs and have established campuses overseas. The research also uncovers issues that hinder the sector’s ongoing international development, including the lack of inter-institutional
engagement, a perceived lack of government support and difficulties offering Malaysian made courses to international students.

Finally, the research demonstrates how quality assurance agencies have evolved over 15 years to respond to global trends and local needs. Initially the Lembaga Akreditasi Negara (National Accreditation Board, LAN) regulated the private sector, while the public sector had a separate entity. LAN provided a sound regulatory framework, and gave legitimacy to the sector, but it was also problematic due to its restrictive and formulaic nature. Furthermore, there was discontent amongst the private providers regarding a lack of the transparency on how to upgrade their institutions to university status. In 2007, the government merged both bodies into a single agency: the Malaysian Qualifications Agency, to be guided by the Malaysian Qualifications Framework. The purpose of the merge was to streamline the accreditation and quality assurance processes, creating better efficiency and greater transparency for the higher education sector. Additionally, the thesis explores the challenges faced by institutions in terms of the recruitment of qualified academic staff.

This study has delivered original work that will provide a greater understanding of Malaysian private higher education as well as a greater awareness of achievements and the challenges the providers and policy makers face.
Chapter 1. Introduction

The aim of this thesis is to examine the role of private higher education in Malaysia, with a particular focus on how private providers have contributed in increasing access to higher education, how it has contributed to the internationalisation of the Malaysian higher education system and how quality assurance measures in the sector has evolved over a period of 15 years. The time span of this research starts in 1995, when legislation was introduced to liberalise the higher education sector to 2010.

The idea that access to higher education is an elite privilege has in many countries slowly dissolved as they reach growing levels of wealth and demand for skills and education grows. Martin Trow (1973) developed the classical account of the transition of higher education. According to Trow’s seminal work, ‘elite’ higher education enrolls up to 15 per cent of an age cohort. Elite education caters to the privileged minority, academically trained to become high-level workers, whose access to higher education is wealth, status and/or power. An education system that enrolls between 15 and 40 per cent of the age cohort is considered a ‘mass’ system, the stage of the American higher education system during the time Trow wrote his book on transitions. The growth of private higher education in Malaysia, as in many other countries, has played a significant role the shift from elite to mass higher education systems. Private providers have in many countries become increasingly dominant in the higher education sector, holding significant enrolment numbers (Altbach & Levy, 2009). In some cases, such as Indonesia, private higher education enrolments can hold the majority of total higher
education enrolments.

In Malaysia, the establishment of higher education under the colonial administration was intended to train a local administrative elite, and access continued to be restricted to a small proportion of the population after independence (Abraham, 2004). The move away from elite access really began after 1969 with the introduction of key education policies that dictated admissions policies, financial support and access. By the 1980s, the growing demand for, and disparity of access to, higher education could not be adequately addressed by the state and since that time private higher education providers have emerged have responded to those demands (Lee, 1999).

Over the years, private higher education in Malaysia has moved from being a demand absorbing support act to a major feature of the education system. The Malaysian government does not want the country’s higher education system to be one that just educates its citizens, but wants to become an educational hub, to become a country that receives more international students than it sends abroad. (Ministry of Higher Education, 2007)

‘Private higher education’ is post-secondary education offered by institutions that are established and operate independently from the state. These institutions are established either by individuals, private corporations, government-linked corporations, and non-governmental bodies (including philanthropic and religious organisations and institution linked to political parties). They operate either as a non-profit institution or as a for-profit business (Altbach et.al, 2009).
The early rapid growth of private higher education in Malaysia, as in many countries globally, was both encouraged and mired by the lack of clear and/or strong government regulation and quality assurance systems (Lee, 1999). Malaysia has encountered some of the problems of rapid private growth, but has taken steps to learn from other higher education markets.

Social, political and economic issues pertaining to the Malaysian higher education sector abound, and there is a healthy body of work on the private higher education sector (Abdul Rashid 2002, Azizan & Chapman, 2006; Boo, 1998; Kaur & Metcalfe, 1999; Lee, 2004; Lim, 2010; Richards & Aziz, 2011, Singh, 1989; Sirat, 2009, Tan, 2002; Ziguras & McBurnie, 2001 and 2011). Private higher education in Malaysia has been a topical area of discussion since the early to mid-1990s, due to significant changes in government legislation, the strong growth of the private higher education sector, and its socio-political and economic implications for the country. (Lee, 2004; Tan 2002)

In the past, education was seen as a means of counteracting social inequalities, but the role of the sector has evolved. Now, Malaysian policymakers have recognised that in order to build the human capital to become a developed country, it must follow in the steps of the new economy: the knowledge economy. Education, particularly higher education, has become a nexus in achieving Vision 2020. Vision 2020 aims to achieve a developed country status for Malaysia by the year 2020. The government has acknowledged that the traditional strongholds of the Malaysian economy, such as
manufacturing and agriculture, will face greater competition and pressure with the increasing influence and presence of the other regional players such as China and India. Under the current Economic Transformation Program, education is has been identified as one of the National Key Economics Areas-a key driver of economic growth. The role of higher education, as the country progresses, has become more pivotal. In this growth, private higher education has moved from a position of performing a complementary role to becoming a key partner.

While there are some important academic texts that specifically address Malaysian private higher education (e.g. Tan, 2004; Lee, 2004) and numerous publication that discuss long standing issues, several important developments have occurred in the private higher education sector in the last decade. There is a substantial amount of scholastic journals and newspaper reports that provide some considerations for debate but as yet there have been few larger academic texts that have consolidated these updates, and whether these significant changes translate into different or altered implications for the private higher education sector and significant national outcomes. By reviewing, amassing and then extending the important trends that have also been identified by prominent Malaysian and Western academics such as Tan Ai Mei (2002), Molly Lee (2004) and others, this research aims to provide an updated and multi-faceted analysis of the private higher education sector.

This research explores the different landscapes and the diverse nature of private higher education, and how it may be better understood through the perspective of some of the major policy stakeholders: academics and university administrators, and the
government. The thesis also provides an analysis on the impacts that the private higher education sector has had on tertiary education in Malaysia across a period of dynamic growth-early growth and regulation in the 1990s to early 2000s, to the evolution of the Malaysian education hub in the 2000s, and the evolving responses to quality assurances.

**Central Research Questions**

The investigator has chosen three research questions for this thesis:

1. What impact has private higher education had on access to tertiary education in Malaysia?
2. What impact has private higher education had on the internationalisation of tertiary education in Malaysia?
3. How have quality assurance agencies sought to improve private higher education in Malaysia?

To frame these questions, the thesis first discusses global private higher education. By identifying trends in global higher education such as the liberalisation of private higher education, the widening of access and the change in types of providers, the research provides context to the first question. Internationalisation of private higher education globally is also explored, as well as ongoing trends in quality assurance.
The Rise of Malaysian Private Providers: The Historical Context

Higher education in Malaysia has a polemic history. When the country gained independence the process of admission of students into higher education that originated from its colonial administration practices was still in place. The disparity of access to education between and within the ethnic groups in Malaysia sustained economic and social divisions within communities (Abdul Rashid, 2002).

During the colonial administrative period, most of the Malay population were locked into a rural cycle (Roff, 1980). Despite forming the majority of the population, their access to education was restricted to a vernacular elementary education, which was the only compulsory form of education supported by the government (Watson, 1980). Basic elementary education blocked out the majority of the rural population from high paying employment in the growing job market in Malaysia, which demanded an English education. Education for the rural population was provided as a measure to provide basic numeracy and literacy skills and not as a measure of personal or socio-economic ascension (Selvaratnam, 1988). Private education at a primary level was in existence in Malaysia during this period. While the government provided compulsory primary education for the Malays, it did not provide any support for vernacular education for other ethnic groups, leaving the Chinese and Indian communities to develop their own schooling. Chinese schools only received government aid in the 1920s, where else Indian schools only became recipients in the 1930s (Watson, 1980).

Access to secondary and post-secondary education was defined by socio-economic
status and along racial lines. Non-Malay groups such as the Chinese and Indians had greater access to secondary education. Patterns of urbanisation in Malaysia during the colonial period saw the majority of Chinese; and to lesser extent the Indian community, concentrated in the urban areas and engaged in a range of trades and employment thus earning them comparatively better incomes to the rural population. The combination of stronger incomes and locality gave urban settlers better access to secondary education, which was selective by nature. In the towns of the Straits Settlements, consisting of the states of Malacca, Perak, Penang and Singapore, Christian missionaries and societies were permitted to independently set up English-medium schools, eventually with government assistance (Watson, 1980). However, these colonial education policies did not provide a unified focus for education in Malaysia. By the 1940s there were only two avenues for secondary school education: the English-medium schools and the private Chinese-medium schools, both of which tended to be concentrated in urban areas and inaccessible to those living in rural areas or who did not have the necessary vernacular education at the primary schooling level (ibid). While establishment of English and Chinese medium secondary schools in Malaysia were successful and eventually given government support, there were no secondary education available in Tamil or Malay (ibid). However, the Malay royalty were granted different educational privileges through the establishment of The Malay College of Kuala Kangsar, an elite education institute which served as a preparatory school for the sons of the Malay aristocracy and groomed them for the administrative civil service (Selvaratnam,, 1988; Watson, 1980).

Access to higher education exacerbated the cultural, economic and social divides that existed in Malaysia since it was only the upper and middle class urban families that
could pursue post-secondary education (Abdul Rashid, 2002). Moreover, tertiary education was conducted exclusively in English. Many of the privileged Malays who pursued tertiary education later continued on to serve as well-paid civil servants in the colonial administration, sustaining the gulf between themselves and the majority Malay peasantry (ibid). The same was observed with other ethnic groups in Malaysia with the wealthier strata group holding white-collar jobs compared to the majority of manual workers. Students from the urban elite were commonly the ones who gained access to post secondary education institutions or private education (ibid). As Chapter four will later explore, the shift from an elite to mass access of public higher education-due to the increasing access to primary and secondary education-private higher education began emerge as a means of supporting a mass system.

After independence, and with the establishment three universities from 1962-1970, access to tertiary education continued to pose a social divide. Entry into the University of Malaysia for the academic year of 1962-1963 was determined solely on academic merit: an open competition established by setting a minimum threshold for entry and determining whether secondary school graduates had met the entry criteria (Selvaratnam, 1988). Since access to secondary education was already considered highly selective, progression to post-secondary education was an elitist pursuit, namely those who were able to afford it and/or who had access to secondary education that was concentrated in urban areas. As the Malay community were overwhelmingly located in rural areas, this was reflected in the student population in post-secondary institutions.

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1 In 1962 Universiti Malaya (UM) was established, followed by Universiti Sains Malaysia (USM) and Universiti Kebangsaan Malaysia (UKM).
Malay students comprised only 20 per cent of the student population, and the majority of non-Malay students were Chinese, a difference that has been well documented (Lee, 1999; Lee, 2007). The presence of the private education sector during this period was not regarded as an elitist pursuit as many of these small institutions catered to low performing students or provided vernacular or religious education for different ethnic groups (Wilkinson & Yussof, 2005).

In 1969 the May riots set off an unprecedented social engineering plan by the Malaysian government, the New Economic Policy (NEP), which was designed to address the imbalances in the society. The NEP had two prongs, namely “poverty eradication regardless of race” and “restructuring society to eliminate the identification of race with economic function” (Malaysia, 1979). The intention of the NEP was to create the conditions for national unity by reducing inter-ethnic tensions caused by socio-economic disparities (Sundaran, 2001).

In the NEP the role of education was crucial in furthering, “… the full potential of the vast human resources of the country … to contribute significantly towards promoting national unity … to contribute significantly towards promoting national unity … play a vital role in increasing the productivity and income of all Malaysians” (Malaysia, 1979). Under the NEP, higher education policy was aimed at accelerating economic progress and addressing inequalities within the Malay population. For this to be achieved, the NEP set out quotas in economic activities, employment and access to higher education. During the 20 year era of the NEP, the government regarded increasing access to higher education for Malays as a key pathway towards a more balanced society (Sowell, 2004,
Gomez 2004(b) In order to provide greater access, the NEP set in place a new admissions policy based on quotas. Under these admission guidelines, a 55 per cent quota for Bumiputra students was put in place in all public universities. The government also began awarding scholarships and low interest study loans to Bumiputra students to study locally or abroad (Lee, 1999).

The term Bumiputra literally translates to “prince of land” or “sons of the soil” identifies the Malays and indigenous peoples as an ethnic group and recognised the special position that the Malays have as enshrined in Article 153 of the Constitution of Malaysia (1957). The government stressed that the launching of the NEP was not purely formed to assist the Malay and that the NEP was a Bumiputra issue, which was to assist the poor in general (which included a vast majority of indigenous groups in Sabah and Sarawak), thus structuring the NEP as a utilitarian policy of poverty eradication (Selvaratnam, 1988; Abdul Rashid, 2002).

The higher education sector in Malaysia has been subjected to strong state intervention since independence as an important tool for social and economic development and a range of political agendas including national security, foreign policy and cultivating nationalism. Developments in the higher education sector, such as mounting pressure for accountability and the burden of a growing demand for higher education have seen governments employ new strategies in managing the sector. (Lee, 1999)

The admissions policies arising from the NEP resulted in a significant increase in the number of Malay students in public universities, and the limited quotas for non-
Bumiputra students meant that many Chinese and Indian students were unable to secure a place in a public university. At the same time, demand for higher education grew due to strong economic growth, a growing tertiary aged cohort, and urban population growth and near universal participation in primary and secondary education. These factors led to Malaysia being an importer of higher education, fuelled primarily by ethnic Chinese students unable to access the restricted supply of higher education. In response, the government introduced new policies in the mid-1990s to address the shortage of supply in its higher education sector through the deregulation of the private sector (Lee, 2004). The private sector did fulfil its role as a demand absorbing, and in Chapter five, the thesis discusses the different ways that private higher education has impacted on access to postsecondary education in Malaysia.

The deregulation of the higher education sector also coincided with the shift in the government’s human capital development focus. Early discussions on human capital development in Malaysia focussed on poverty eradication and socio-economic equality. With the growing importance of developing a globally competitive knowledge economy, focus shifted towards skills development and capacity building. The production, innovation and exchange of knowledge have become an important international commodity, taking centre stage in the global economy and have replaced the importance of goods in the market (Tham, 2010). The production of new knowledge and skills involves what Neef (1998) defines as the ability to place components of knowledge together in meaningful and profitable ways. This means a shift of profit making from a labour-intensive economy towards a more knowledge-intensive approach to wealth creation. The Sixth Malaysia Plan (1990), for example endorses
education for a tool for human capital development as such:

Human resources development will be a major thrust in the Sixth Malaysia Plan as the achievement of socio-economic objectives depends on the availability of an educated, skilled and trainable labour force. Towards this end, education and training programmes will be further expanded and improved, not only to equip individuals with the appropriate knowledge and skills but also to produce responsible citizens with strong moral and ethical values. In addition, such programmes will help develop a technical competent labour force that will enhance the competitiveness of the Malaysian economy (Malaysia, 1990).

The importance of higher education and its role in providing skills and training became more explicit with each five-year cycle of the Malaysian Plans. Intersecting discussions on the development of a knowledge economy and the role of education was how a sector (already facing financial and resource limitations) could play a significant role in achieving policy aims. Recruiting and training graduates with the relevant skills, skills upgrading, language proficiency, creating an international citizen and lifelong learning have become integral to developing a knowledge economy. The higher education sector is expected to play a crucial role in the achieving this, but it is clear that public higher education alone cannot achieve this.

In promoting the growth of private providers, Malaysia adopted one of the common strategies, namely the introduction of “markets or quasi-markets structures into higher education” (Teixeira & Amaral, 2001 p. 363). As a way of meeting demand for higher
education while easing the pressure on the government’s fiscal support for higher
education, the privatisation of higher education was strongly favoured. The increase in
private funding allowed for the expansion of post-secondary institutes to accommodate
an increasing demand with minimal detriment to public funding. This reflects a global
trend. As higher education systems have evolved into larger systems, which are in most
countries unsustainable on public funding alone, the private sector has become a viable
alternative to support the sector’s shift from elite to mass systems and towards what
Trow (1973) calls universal provision.

Additionally, private enterprises are often more responsive to the pursuit of increased
efficiency in delivery and the ability to be sensitive to major trends and demands being
placed upon the higher education market. Although the university is in itself a complex
and unique institutional form that cannot be easily reduced to a simple business
operation, educational policies worldwide have in recent decades “favoured higher
education becoming more managerial in its behaviour” (Teixeira & Amaral, 2001 p.
364).

In the Asia-Pacific region the privatisation of higher education has led to the
introduction of post-secondary institutes run by non-public organisations, ranging in
size and types of ownership, and generating income from tuition fees and auxiliary
services, with little or no financial support from the state. Proponents of privatisation
would argue that the presence of the private sector would encourage a greater diversity,
creating niche markets in order to supply demand, and that by nature the higher
education system has a tendency to be innovative in order to stand out and thrive (Ruch
2001, Altbach 1999). Others point to recent empirical data that seems to suggest that higher education institutes tend to adopt low-risk strategies and are isomorphic, i.e. reflecting similar traits, and behaviours, and much more so in private higher education (Tan, 2004).

With the advent of information and communication technology, the increasing ease of international mobility and the dissolving of borders, Malaysian institutes of higher learning began to face rapidly changing demands (Kamogawa, 2002). Traditional ideas of higher learning, from physical conformities of the large sandstone campuses with sprawling libraries and gardens, to precious guarded prestige grounded in history, and competition for staff and students, all these have begun to dissipate in the new environment of post-secondary learning. The demarcation between the university and other post-secondary institutes has also shifted: while prestige is still conferred to elite education systems (Marginson, 1997), the shift towards economic imperatives and the increasing importance of market forces and consumer choices has created a new playing field for all post-secondary institutes. The multiplicity of labour demands means that even vocational post-secondary institutes, short of being able to confer the highly valued degrees or postgraduate degrees, have become significant actors in the education sector. The higher education market\(^2\) has seen the burgeoning of privately run institutes and public institutes adopting strategic corporate practices in order to sustain survivability (Lee, 1999).

\(^2\) “Higher education market” includes post-secondary institutes of varying levels such as universities, technical colleges and university colleges
Albash (1998) commented that private higher education is at its most powerful in Asia, dominating higher education systems in Japan, Korea and the Philippines. As well a dramatic shift in the provision of post-secondary education has also occurred in Latin America with the growth of private providers in Brazil, Colombia and Mexico (Altbach, 1998; Teixeira & Amaral 2001). Eastern European higher education sectors have also witnessed an impressive growth of private providers as well (Sadlak, 1994; Reisz, 2005; Nicolescu, 2005). Altbach (1998) notes that, “for the most part, this unprecedented growth in the private sector stems from an inability for many countries of the government to fund expansion” (p.1). Rapid expansion of the private higher education sector in the South East Asian region during the 1980s and 1990s meant that issues and concerns of importing and exporting of higher education services has become central to debates of higher education amongst various levels of players, from an institutional to a policy level (Welch, 2007). Key issues and concerns often cover quality assurance and quality control, the administrative patterns, differing pedagogical styles, curriculum and legal standing of non-government institutes.

The Malaysian case that is the focus of this study exhibits the characteristics and issues pertaining to the rapid expansion of the private higher education sector. The private higher education sector in Malaysia, a country often criticised as operating under strong state control, does have a significant amount of autonomy from the state. However, as discussions later will show, conflicts did remain. The government’s need to simultaneously control and deregulate higher education markets have led to a complex landscape marked with ambitious national aspirations but with sometimes unclear government/institutional relationships.
Overview of thesis

The body of this thesis has been structured to correspond with the order of the research questions. In order to frame the research, some historical background has been provided in the start of this chapter, the introduction and approach of the research. Chapter two outlines the research methods employed. The chapter introduces an analytical framework used to examine private higher education policies. Here the researcher discusses the use of a ‘policy universe and policy subsystems’ and how these subsystems affect the stages of the policy cycle. The policy cycle is also discussed in detail, with each stage of the policy cycle examined and critiques and rationale for adopting this approach also explored. Key sources of primary and secondary data are identified (as they form a foundation for the initial steps of the thesis) and a descriptive passage is dedicated to interviews conducted throughout the duration of the data collection phase. The methods chapter will also provide details and justifications of the sampling methods used and how participants were sourced. Key stages of the data collection and analysis are also discussed, as is the process of ethics and ethical considerations.

Chapter three, “Global Private Higher Education”, explores the private higher education sector thematically, identifying characteristics by looking at similar traits present in different private higher education sectors across the globe. Referencing a range of countries with long established private markets such as the United States (with the largest market in the world), Chile and the Philippines, and countries with younger and
growing markets as found in Romania, Vietnam and Thailand, this chapter explores the areas of access, internationalisation and quality assurances in global higher education market.

Chapter four, “Private higher education in Malaysia”, explores the growth of the Malaysia private higher education section in greater detail, once again referencing key historical policies and its impact on the higher education sector. Drawing upon the historical narration given earlier in the introduction, this chapter examines why higher education was liberalised and what were some of the impacts. The diversity that resulted is a key feature: diversity of institutions, diversity of ownership and diversity of programs offered by private providers.

Chapter five, “Access”, examines role of higher education in human capital development, a central policy goal for the Malaysian government, and the role that private higher education plays in widening access. The analysis here indicates that the widening of access in Malaysia was done two-fold, firstly by expanding the capacity of public tertiary institutions and encouraging regional growth of private providers. Some notable changes were the establishment of university colleges and community colleges, which changed the topology of the higher education landscape. The growths in both the public and private spheres were significant, and were introduced in tandem policy aims on the development of vocational training and skills upgrades. Secondly, the government’s strategy was expanding the access to financial resources for students. Government financial aid became available to all Malaysians, including to those who were enrolled in private institutions (Sivalingnam, 2006).
Human capital development goals expected by the private higher education sector include helping boost student enrolment numbers: both at undergraduate and postgraduate level. What exactly is the level of expectation the private higher education sector plays in this key national goal has been ambiguous. Private higher education institutes now contribute almost equally to the public higher education sector in terms of total enrolments, although evidence from interviews and government sources indicate that the distribution of government resources focuses primarily on government linked institutes and public universities. Some of the key policy mechanisms for human capital development include harnessing industry-university links, increase research and development departments (although this focus is only related to only some of the larger and more financially sound institutes) and increase the number of PhD students in science and technology related fields. Here, the limitations of access emerge when it comes to the private higher education role, particularly in developing ICT technologies and R&D clusters. Funding related issues became a consistent point that was brought up by almost all participants. The existence of a limited research funding body and a lack of incentives for private higher education members means that there is little support or motivations for such institutes to pursue such expensive and labour intensive steps.

Chapter six, “Internationalisation”, identifies the impact private higher education has had on the cross-border dimensions of tertiary education in Malaysia. Intertwining with building the country’s human capital and creating a knowledge economy, the plan to boost Malaysia’s education sector in becoming a major market vis-à-vis its regional neighbours like Singapore and Australia, is central to achieving long term policy goals.
Expansion of the higher education market in Malaysia has already been achieved in leaps and bounds, and a diversity of curriculum and qualifications across the board (this includes courses offered in public institutes as well) is not lacking. Key challenges faced by the private sector are the competitive nature of recruiting international student numbers and the qualifications of teaching staff. Private providers are given opportunities to upgrade their institutes in order to attract more international students and in some cases, such as Limkokwing University of Creative Technology, are given moral support from the government when it comes to internationally marketing their institutes. Government-to-government (G-to-G) and international/institutional links also lend itself to widening access to international student markets. Institutes are also encouraged to recruit qualified teaching and research staff and train staff willing to undertake any postgraduate training. Ideally, such measures can have a positive impact on the higher education market in Malaysia, but persistent issues (such as the lack of instructional training, the inability for small private providers to recruit qualified staff on a full time basis, etc) still remain and these are reflected in the private higher education sector’s perspectives.

Chapter seven examines the ongoing evolution of regulation and quality assurance of private higher education in Malaysia. Mechanisms to ensure success of achieving these aims include long standing measures of the legal framework regulating the market, and improvements in the accreditation and upgrading processes. The Malaysian government has established the Malaysian Qualifications Agency (MQA) and a new Malaysian Qualifications Framework (MQF). It has been presented that the introduction of the MQA and MQF is a long-term strategy in response to global and domestic demands of
quality assurance and quality control in higher education markets. The streamlining of the quality assurance process was undertaken with several of the above issues in mind, including problems as identified of private higher education players. These issues, which are also discussed in greater detail, include questions about leadership of the Malaysian Qualifications Agency and the Malaysian Qualifications Framework and calls of greater transparency in quality assurance and quality processes.

Chapter eight is the conclusion chapter and will provide a summary of the study. The central research questions are posed again to provide the reader with refresher on what was the base of the research. The chapter will review the literature presented on global private higher education and why this literature is important to the study, and reposit this in the Malaysian context. It does so by first presenting some historical context to private higher education in Malaysia. This is done to frame the data analysis chapters—how private higher education has impacted on access, internationalisation and the evolution of quality assurance mechanisms developed to improve the sector. The reader will be able to see from the conclusion section the crucial complementary role that private higher education has in the country’s national higher education policies and the continuing importance the sector will play in the country’s higher education market.

There is more: a more personal rationale to the study

There are a few things that the author has to admit to, and this is a personal story. My background has placed me in interesting situations of being questioned on my ability as a researcher on this sometime delicate issue of higher education in Malaysia. I have never pursued any post-secondary education in Malaysia. In fact, I did not even obtain a
Malaysian secondary school qualification.

Born into a biracial family with Malaysian roots stemming from Chinese and Thai ancestry, my parents made the decision to place their children into private schooling as a springboard for furthering our education abroad. That is, obtaining a tertiary degree or higher in an institution overseas was not hoped for: it was expected. I still clearly remember as a young child my father discussing my options to study medicine or commerce in a UK or Australian institution. (Yes, I am distinctly a middle class child.) It would take my father another four years to realise the futility of his attempts to convince me to study medicine or commerce, but it would take me another ten to realise the reasons behind his actions.

I readily accept that I come from a comfortable middle class family, but my situation is not a unique one; the majority of my friends also chose to pursue their tertiary studies overseas. The exception was a handful of friends that did not go overseas to obtain their first degrees because they were on government scholarships. But we all understood each other’s choices and the limitations we faced. I could go overseas and pursue an education, but I had to. I had no other choice because entry into a public university would have been difficult for me. Likewise, my friends were able to obtain coveted places in specialist fields in the top public universities in Malaysia, but this was because they were on government scholarships and a public local institution was their only choice.

At the cusp of my post-secondary education journey, the government liberalised the
higher education market, allowing private providers to enter and twinning programs and the presence of transnational providers were becoming an increasing fixture on the Malaysian higher education sector. Had my father missed out on an opportunity to save himself thousands of ringgit?

The changes to policies and legislation had vast implications for the higher education sector and the students of my generation were the first tertiary cohort to face these significant changes. Since then, Malaysian young people have been able to pursue an ever-expanding range of tertiary education options without leaving home, which is having a profound impact on families just like mine.
Chapter 2. Approach and Methodology

This study focuses on private higher education: the policies that guide the sector; its impact on the higher education market in Malaysia and; how it affects and is influenced by larger government policies. The thesis will later identify (via the central research questions) greater access to education, internationalisation of tertiary education and the shift in quality assurance agencies are key education policies that have been influenced and influence the private higher education sector.

This chapter maps out the theoretical and analytical frameworks employed by the study during the pre-field work and data analysis phases as well as the method of data collection used during the fieldwork period. Sources of data used for documentary analysis are outlined in detail so as to give the reader an understanding of the scope of the study. The chapter then explores questions around: what is policy; the policy universe; policy subsystems; and policy cycle analysis. Stakeholder theory is also presented in order to outline the ways in which respondents were identified and approached vis-à-vis their roles in the policy cycle. Stakeholder sampling theories, methods, selections and application are also explained. Finally, research limitations and ethical considerations are considered before moving on to exploring global trends in private higher education.
Setting a definition of policy

What is policy? Literature dedicated to public policy garners a multiplicity of working definitions. Despite these variations, there is some consistency. “Policies are a product of decisions made by governments and that decisions by governments to retain the status quo are just as much policy as they are decisions to alter it” (Howlett & Ramesh 2003 p.5). One of the most quoted is Dye’s definition: “anything a government chooses to do, or not to do” (1972, p.2). Although short, Dye’s definition pinpoints the key agent in public policy, which is the government and it is the measures that the government chooses that constitutes as policy. Some key criticisms of Dye’s definition are that it is overtly authoritative in nature (Colebatch 2006) and does not explicitly recognise the influence of other major actors involved (Howlett & Ramesh, 2003; Parsons, 1995).

Jenkins incorporates other major actors with his definition: “a set of interrelated decisions taken by a political actor or group of actors concerning the selection of goals and the means of achieving them within a specified situation where those decisions should, in principle, be within the power of those actors to achieve” (1978, p.15). Jenkins’s definition of policy is adopted here because he incorporates the idea of policy as a process as well as an end, unlike Dye’s definition, which views policy only as an end product. The definition set out by Jenkins provides a more rounded concept of what is policy. Jenkins acknowledges the existence of other actors and their input by saying policy is “a set of interrelated decisions”. The policy process often involves a series of negotiations and decisions, deliberate and unintended choices, and often involves
different individuals and agencies, sometimes intertwined in ways that may not be obvious. As opposed to Dye’s definition of policy, this incorporation of other actors informs the research on how to understand policy analysis as a bigger picture. To use Jenkins’s example, if one was to fully comprehend a government’s health policy, then the decisions made by all governmental actors involved (and these includes the financing and administration) need to be considered.

Jenkins’s definition also introduces the idea of policy making as goal-orientated behaviour by governments. This idea of goal-oriented behaviour provides some useful avenues for evaluating policy, such as the nature and meanings behind the goals, the relevance and congruence of the goal, and the level of success of achievement of the goal.

**Policy universe and policy subsystems**

This thesis involves a sectoral study of private higher education in Malaysia, using Benson’s (1982) concept of a policy sector as a base:

[A policy sector is] an arena in which public policies are decided and implemented. Such arenas are conventionally bounded by substantive policy names-health care, welfare manpower, natural resources and so on. These units are commonly held typifications that are part of the stock of knowledge held by politicians, bureaucrats, lobbyists, and others […] the policy sector is a cluster or complex of organisations connected to each other by resource dependencies and
distinguished from other clusters or complexes by breaks in the structure of resource dependencies (pp.147-148).

Societal, governmental, and other institutions contribute to how a problem is defined, what solutions are proposed and what restrictions it may or may not place on policy choices, and in the private higher education system these actors include the Ministry of Higher Education, private universities, university colleges, private colleges and vocational schools, domestic and international students, parents, public tertiary institutions and vocational schools, researchers in higher education, and social commentators. Acknowledging and understanding the interactions between these actors is central to examining the policy process. More complicated is attempting to frame the relationships between different actors, which are often intertwined and can be difficult and complex to chart out.

For the purpose of trying to chart out the intertwining relationships in the study of private higher education, this thesis then builds on the base of a Benson’s policy sector to incorporate the concept of a “policy universe” (Howlett & Ramesh, 2003) and is used to describe, “the large population of actors and potential actors [who] share a common interest in industrial policy, and may contribute to the policy process on a regular basis” (Wilks and Wright 1987, p.296). Howlett & Ramesh’s definition of a policy universe, unlike Benson’s policy sector, does not restricted to just to national political actors, but is, “a fundamental unit containing all possible international, state, and social actors and institutions directly or indirectly affecting the specific policy area” (p.53), an additional dimension which helped guide the research, in particular looking at global patterns and
issues of private higher education globally and how these trends have influenced the Malaysian higher education sector. The policy universe model adopted here looks at the role of private higher education globally, how private higher education has contributed to the development of higher education systems, how private higher education is expected to contribute, what factors have mitigated its changes and how it has been able to play an influential role.

Within the broader policy universe is a subset referred to as a “policy subsystem”, following Sabatier and Jenkin-Smith’s advocacy coalitions framework (Sabatier and Jenkins-Smith, 1993). Sabatier (1987) defines a policy subsystem as a space which hosts “the interactions of actors from different institutions interested in a policy area.” The policy subsystem as the primary unit of analysis is, defined by the policy topic (in this the private higher education sector), the geographic scope (Malaysia) and the influencing actors and which too are expanded beyond the traditional members to include “a variety of public and private organisations (…) at various levels of government active in policy formulation and implementation, as well as journalists, researchers, and policy analysts who play important roles in the generation, dissemination, and evaluation of policy ideas” (p.131). These interactions often occur in the context of various institutional arrangements surrounding the policy process, which affect how the actors pursue their interests and ideas and the extent to which their efforts succeed. One of the strengths of the model is that it integrates “a more explicit historical and contextualised dimension to the explanation of policy change” (Burton 2006, p.180).
While these models focus on actors and processes within a particular policy subsystem, it also notes the importance of external factors that may impact on the policy subsystem. These external conditions can be classified into two separate categories: stable parameters spanning over long periods of time (these include cultural values and social structures, distribution of resources and core legal structures); and dynamic parameters which “are susceptible to significant fluctuations over the course of a few years and thus serve as major stimuli to policy change” (Sabatier 1988, p.134). These disruptive events that occur outside the policy subsystem are also referred to as external shocks (Weible 2006). Examples include rapid changes in socio-economic conditions, such as changes in governing coalitions, economic crises and various impacts from changes in other policy subsystems (Sabatier, 1988; Sabatier and Jenkins-Smith, 1993). This study will be considering a range of external factors, which influence the policy process relating to higher education in Malaysia. The key long-standing external factors to consider are the long-term development visions of the country that centre on the creation of a ‘knowledge economy’ and the globalisation of higher education and the 1997 Asian financial crisis.

**The policy cycle framework**

Policy analysis is a complex and messy process, and as Colebatch observed, “the process of policy gets less attention; it is seen as complex and a source of difficulty” (2006 p.1). One of the most commonly used methods for simplifying policy analysis is to break down the policy process into a series of stages, and idea credited to Harold Lasswell (1956). The resulting sequence created is known a policy cycle. The policy
cycle has been subject to several incarnations over the years, and for the purpose of this thesis the researcher adopted the policy cycle model used by Howlett & Ramesh (2003) which breaks down the cycle into five stages: (1) agenda setting, (2) policy formulation, (3) decision making, (4) policy implementation and (5) policy evaluation.

Agenda Setting and Problem Definition

In the first critical stage of the model, agenda setting refers to the process by which problems come to the attention of governments. Agenda setting is the first and arguably the most important stage as it has an incredibly decisive impact on the entire policy process. Agenda, as defined by Kingdon, “is the list of subjects or problems to which governmental officials, and people outside government closely associated with those officials, are paying some serious attention at any given time” (1984, p.3). Agenda setting refers to the process in which governmental actors (and closely associated non-governmental actors) select specific issues or problems, how they are articulated and why it should merit active consideration and public attention (Howlett & Ramesh, 2003; Dery, 2000; Kingdom, 1984; Parsons 1995).

Agenda setting raises some deeper and complex ideas of problem definition. What exactly constitutes ‘the problem’ to which certain actors believe should be subject to agenda setting? Problem definition has been acknowledge as being “a socially constructed process” (Howlett & Ramesh 2003, p.121), since “problems do not exist ‘out there’, are not objective entities in their own rights, but are analytic constructs or conceptual entities” (Dery 2000, p.40). What kinds of sociological “frames” or entities
governments employ is important. Howlett & Ramesh note that the ‘problems’ that are subject to agenda setting are constructed in the realm of public and private discourses:

Problems come into discourse … not simply because they are there or because they are important for well-being. They signify who are virtuous and useful … which actions will be rewarded and which penalized. They constitute people as subjects with particular kinds of aspirations, self-concepts, and fears, and they create beliefs about the relative importance of events and objects. They are critical in determining who exercise authority and who accept it. They construct areas of immunity from concern because those are not seen as problems…. they define the contours of the social world, not in the same way for everyone, but in the light of the diverse situations from which people respond (Elderman 1988, p 12-13, cited by Howlett & Ramesh p.121).

The ‘frames’ in which problems are defined are not always universally accepted by all key policy actors, and will be received by varying degrees of support. To understand agenda-setting one must comprehend how demands for a policy are made by individuals and/or groups and responded to by government, and vice versa. In addition, the conditions under which these demands emerge and are articulated have to be explored.

This thesis analyses agenda setting and problem definition relating to Malaysian private higher education policy, examining which policy agendas and changes are put forward by whom and why. Welch (2007) has argued that distinct ideologies impact on higher education policies in South East Asia, and this study will explore their role in shaping the historical development of the higher education sector in Malaysia through particular
forms of ‘problem definition’. For example, the problem of the inability of existing providers to meet the growing demand for tertiary education came to be universally recognised by all stakeholders in the 1990s, although there was less agreement on what should be done to address this problem.

Policy Formulations

Policy formulations refer to how policy options are decided within government. Policy formulations are indicative that a problem has been recognised and agreed upon as an issue to be addressed. Assessing what possible solutions or mechanisms can be introduced, policy formulations also recognise any constraints or limitations that may affect any proposed solutions, mechanisms or actions. The process of formulation includes “defining, considering, and accepting or rejecting options is the substance of the second stage of the policy cycle” (Howlett & Ramesh 2006 p.143). Policy formulation, like agenda setting, is a highly complex process in which there are many stakeholders that compete to propose solutions or mechanisms. The thesis will show that education in Malaysia policy formulation for the private higher education sector can politically sensitive and has had a tendency to be ad hoc in nature, meaning that policy formulations tend to be reactive to short-term and current problems and sometimes do not factor long term strategies or past issues. The ad hoc nature of policy formulation is important to keep under consideration since it reflects on the non-static nature of the entire policy cycle.

An important facet of policy formulation that is also included in the study’s research
into the private higher education policies is the concept of a perceived ramification of choosing a certain policy decision. Howlett & Ramesh (2006) have argued that such perceptions are equally important to the formulation process: “if significant actors in the policy system believe that something is unworkable or unacceptable, this is sufficient for its exclusion from further consideration in the policy process” (p.145). Perceived ramifications debated in the political and public sphere allow the researcher to understand implicit concerns relating to higher education in Malaysia because education is considered politically sensitive by nature, and to what extent these debates of perceived ramifications affect the private higher education sector.

Decision Making

Decision-making is the stage of the policy cycle where governments verbalise a decisive intent to undertake specific actions, or conversely choose to refrain from undertaking actions. It is in this stage of the policy cycle, a unique feature emerges that makes this stage distinct from both agenda setting and formulation. The number of key policy actors in this stage decreases dramatically. Thus, while all relevant key stakeholders and other actors may be present in the stages of agenda setting and formulation, the number of actors present during the decision making stage becomes increasingly restricted to those with the capacity and authority to set policy decisions. Non-governmental actors make their presence felt through other means, with persuasive lobbying being a well-used technique. The distribution of power here is an interesting dynamic. In this study I will be seeking the views of research participants as to whether particular policy formulations and their implementation were constructed to benefit specific actors, and
whether this reflected the greater influence of some actors in the decision making process.

Policy Implementation

Once a problem has been raised and agreed upon as a focal issue, the various solutions and mechanisms have been proposed, and proposed options chosen, the next stage is the translation of decision into action. Research into policy implementation has itself gone through significant incarnations. Early works that first recognised the problematic nature of policy implementation used analytical models of the “top-down” approach (designing of effective mechanisms for implementation to be used by relevant officials, often done in a hierarchical manner) and the “bottom-up” approach (those affected by policies in their implementation). These approaches were often poised against each other in policy studies (Sabatier, 1986). In light of this, a multi-variant approach to implementation has emerged: rather than examining implementation just from an administrative perspective, this approach also examined the nature of enforcement involved (See Mazamanian & Sabatier, 1983; Sabatier, 1991).

This multi-variant approach to implementation examines the range of mechanisms of governance which have been applied to specific cases, recognising that implementation is never simply top-down or bottom-up. The most common techniques used here, in particular with education policy, are case-study based which uses either a singular institute or cross-site comparisons. Translated into research strategies, the researcher identifies what are key policy objectives, what are their most commonly used
mechanisms, how they are implemented on an institutional level and what impacts these may have on policy outcomes and institutes. Extending beyond examining the use of specific tools employed, one might further examine the rationale behind the choice of these mechanisms and the long-term potential of a particular form of implementation. Notably, work in a multi-variant approach also incorporates the idea that policy has moved beyond preference for singular policy implementation mechanisms and towards a combination of instrument mixes and implementation styles.

Policy Evaluation

Policy evaluation assesses how the policy which was implemented has fared when actioned. After implementation, governments often assess whether its policy works successfully (or to what degree of success). Simultaneously, other actors involved and affected by the policy process also become engaged through their own assessments, often verbalising their conclusions in terms of support or opposition to the policy, and whether changes should be made. Here, evaluation involves examining the mechanisms that were used and whether the objectives behind it were fulfilled or served. Policy evaluations are often found in governmental policy documents (such as the Zahid Report (2006) and also non-government publications such as academic research and non-mainstream publications such as independent online journals, and blogs of prominent academics and politicians. Subsequent actions of evaluation may include the continuation of the policy as it is or is rethought and the policy swings back to varying stages of the policy cycle for a new incarnation. Policy may swing back to the agenda setting stage, to start all over again, or perhaps start at the policy implementation or
decision making stage. The movement of the life of a policy is difficult to compartmentalise in neat sections, and often policy switches to and fro between stages, yet there is still an advantage to integrating the concept of a policy cycle into policy analysis.

**Critiques of the policy cycle**

Critics of the policy cycle argue that the stagiest nature does not accurately reflect what happens in the real world since reality cannot be neatly categorised in tidy stages or systems and distorts the view of the policy making process (Everett 2003) “the idea of dividing up policy-making in such a way greatly overstates the rational nature of policy-making and gives a false picture of a process which is not a conveyor belt…” (Parsons 2003, p.78). Lindblom (1959, 1979) was one of the first to voice disagreements with the process, rejecting the idea that policy could be broken down into steps. As previously acknowledged the policy process often fluctuates between stages of development, meaning that the stagiest model of the policy cycle is “descriptively inaccurate” (Burton, 2006).

Other main criticisms of the stagiest model are that it does not adequately, “identify any casual mechanisms for policy development and neglects the historical and temporal dimensions of change” (Burton 2006, p.180). Sabatier and Jenkins-Smith (1993) have also been critical of the stagiest method because of its inability to adequately include the importance of the “wider world outside the immediate policy system” (Burton 2006, p.180).
However, given the criticisms of the policy cycle, it is the choice of the study to adopt such an approach because given the large and complex range of frameworks and models as analytical tools, the policy cycle model serves as a straightforward tool to help manage the complexity that is policy analysis. The adoption of a policy cycle as a research tool is a common technique in policy analysis, despite that some have lamented that the use of such a tool as a return to rationalism (Everett, 2003). In relation to the cycle’s other criticism, de Leon has also argued that the policy cycle method should not be overly concerned with its descriptive accuracy since it be only to be considered a heuristic device (as cited in Burton, 2006; Howlett & Ramesh, 2006). Moreover, it does not mean that the analysis of policy cycle stages cannot consider a multiplicity of actors and elements and bring together a plurality of ideas which one may examine, and it was the intention of the thesis that the integration of the concepts found in the policy subsystem would complement the policy cycle framework by filling in some of its perceived research gaps.

**Sources of Data**

For the purpose of this research, data was drawn from three sources for later analysis: existing research literature and Malaysian media commentary; government policy documentation and legislation; and interviews with key actors in Malaysian private higher education.

Some of the key academic publications used in this thesis are Tan Ai Mei’s *Malaysian*
Private Higher Education (2004) and Molly Lee’s Corporatization of and Privatization of Malaysian Higher Education (1998) and Private Higher Education in Malaysia (1999). Research papers published by a variety of international organisations, such as reports from the Organization of Economic Co-operation and Development (OECD), United Nations Educational, Scientific and Cultural Organisation (UNESCO), United Nation Development Program (UNDP), and the Observatory on Borderless Higher Education (OBHE) have also been used. Research on higher education in Malaysia was also sourced from Institut Penyelidikan Pendidikan Tinggi Negara³, a research institute dedicated to undertaking research into higher education for the Malaysian Ministry of Higher Education.

Private higher education is frequently discussed in the Malaysian media and this commentary has also been employed as a source of secondary data. These include articles from Education Quarterly, The Star (particularly its weekly education section), The New Straits Times (its weekly education section) and online independent news sites in Malaysia such as Malaysiakini⁴ and Aliran⁵.

**Government documentation**

A key source of information about policies and broader governmental strategies was

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³ National Higher Education Research Institute

⁴ MalaysiaNow

⁵ Ideology
official documents readily available on the Internet and in hard copy in Malaysia. One
of the key government sources are the Malaysian Plans. Produced by the Economic
Planning Unit, the Malaysian Plans are the developmental blueprint for all sectors of the
Malaysian economy. These five year plans detail the governmental goals and
benchmarks, produce a midterm review and the allocation of budgetary resources. The
sectors covered under the Malaysian Plans include infrastructure, agriculture, health,
education and culture, arts and heritage. The Malaysian Plans were selected because
these are the central policy documents which dictate the direction of the Malaysian
higher education sector and also include private higher education. Because the research
focuses on private higher education, selection of specific Malaysian Plans (and other
key government documents) was based on a time frame that correlates to the
development of the market: specifically the Sixth to Ninth Malaysia Plans covering

Key items of legislation that have had a direct impact on the higher education and
private higher education sector (as briefly mentioned in the introduction chapter) were
also included. These articles of legislative include the Private Higher Educational
Institutions Act 1996, the National Councils of Higher Education Act 1996, and the
National Accreditation Act 1996. Supplementary legislations that also have an impact
of private higher education include amendments to the Education Act (1995) and the
University and University Colleges Act (1996). Additionally, this study drew upon
documents from the Malaysian Ministry of Education (e.g. as the 2006 Zahid Report on
higher education and the National Blueprint report), the Ministry of Human Resources,
and various ministerial speeches and publications.
Below is a selection of key government documents that were used during the duration of this study. Note that some of these publications, such as the Malaysian Plans and the Knowledge-Based Economy Master Plan are quite substantial and various sections are referenced across the thesis.

**Main sources of government documentation**

- Economic Planning Unit
- Ministry of Education
- Ministry of Higher Education

**Key Legislation Used (All sourced from the Ministry of Higher Education)**

- Lembaga Akreditasi Negara\(^6\) (1996)
- Private Higher Education Institutional Act (1996)

**Malaysian Plans (Economic Planning Unit)**

- Second Malaysian Plan (1971)
- Sixth Malaysian Plan (1990)
- Seventh Malaysian Plan (1996)

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\(^6\) [www.mohe.gov.my](http://www.mohe.gov.my)

\(^7\) National Accreditation Board

\(^8\) [www.epu.gov.my](http://www.epu.gov.my)
• Eighth Malaysian Plan (2001)
• Ninth Malaysian Plan (2006)

**Other Key Government publications**

• Knowledge-Based Economy Master Plan (Economic Planning Unit, 2001)
• Third Outline Perspective Plan (Economics Planning Unit, 2001)
• Report by the committee to Study, Review, and Make Recommendations Concerning the Development and Direction of Higher Education in Malaysia (Ministry of Higher Education, 2006)
• National Higher Education Strategic Plan (Ministry of Higher Education, 2007)
• Malaysian Qualifications Framework (Malaysia Qualifications Agency, 2007)

The purpose of the government documents was to address the non-representation of government representatives in the interview pool. Publications have been utilised as they present the government’s official view on the aims, expectations and predictions for the higher education sector. Because some of these documents were sizable and multifaceted (e.g. the Malaysian Plans), key sections were identified and analysed thematically (Boyatzis, 1998). Using key concepts found in the research questions, e.g. “private higher education”, “higher education”, “access”, “internationalisation”, “education hub”, “quality assurances”, etc. the researcher identified the relevant sections in these documents. These broad key concepts were also used to identify literature on global trends of private higher education. The key concepts were also used to search and identify policy documents and journal publications used in the research.
From the initial readings of government documents, key concepts began to emerge as intertwined issues within policy documents and/or between several publications. From these initial readings, further sub-categories were identified as drivers.

An example of a thematic analysis would use “higher education” to identify the section of the Malaysian Plan to focus on, then using “private higher education” as the second key concept to be identified. Within the Sixth Malaysian Plan, the idea of access to higher education and the impending role the private sector was to play was identified. Intertwined with access to higher education was the reference human capital development in different sections of the Sixth Plan, and was classified as a driver for increasing participation to post-secondary education. An additional driver identified was the push to increase research and development in key sectors such as biotechnology, science and information technology. These drivers were also used to search other policy documents, such as The Knowledge-Based Economy Master Plan, to further supplement and inform the research.

**Interviews**

Formal and informal interviews were used in this study to gather individuals’ perception and experience in the private higher education sector, and to access “thick descriptions of experiences, observations and assessments” (Hiller & DiLuzio 2004, p.6) which provided a rich collection of data. Fifteen semi-structured interviews with key actors were conducted. The researcher commenced fieldwork with a set of questions designed to build on and re-affirm the research goals. As such, the interview questions were a
reflection of the themes set out in this thesis. This “thematizing” (Kvale & Brinkmann p.105, 2009) involved first clarifying the purpose of using interviews. Early interviews were used in an exploratory manner while the focus of discussions in later interviews tended to be more defined in response to themes emerging during the fieldwork.

All participants that were interviewed in Malaysia were first approached by email. Respondents to the email were then provided with the plain language statement to review. Once the plain language statement was reviewed and consent to be interviewed was granted, participants were then sent the interview questions to review prior to the interview. All participants were given the same set of questions. One interview was conducted in Melbourne and the participant was presented with the questions in person before the interview began. Another interview was done via email at the participant’s request.

Once interviews had commenced, participants were not discouraged from diverting from the set of questions often resulting in open discussions on other important topics related to the study. Data collected prior to interviews re-affirmed points that several participants made. In some instances the interviews re-affirmed data already collected, while in others the interviews gave the researcher access to invaluable data (such as difficult to find Malaysian publications), and recommendations for other individuals to be interviewed.

The key strength of the interviews, from the researcher’s point of view, was the willingness of many participants to be open about several issues, often speaking their
minds to a degree that was not expected by the interviewer. Some of the participants’ comments were striking, in particular, instances of policy decisions impacting on their futures and about benefits accumulated by other institutions (such as access to direct governmental support, access to research funds, etc). Many participants who were keen to share their views and observations on the area of research assisted the investigator in various ways: by linking the researcher to other prospective participants; providing access to documentation and data that was difficult to find in Melbourne; and, of course gathering perspectives that are not documented. On reflection, the decision to conduct semi-structured interviews rather than structured interviews proved to be the right choice, given much of the most candid views and perceptions came when interviewees were given some freedom to move away from the set of questions and branch out into what they thought were pertinent issues in the private higher education sector.

The fifteen participants interviewed included: lecturers, social commentators, academic program directors, marketing VPs of private universities, vocational training staff, CEOs, advisors to political parties, academic directors, academic researchers and also a Vice Chancellor from a private university, as listed in Table 1 below. Whilst the majority of interviews were tape-recorded and transcribed by the principle researcher, some were not tape recorded for a variety of reasons and instead the researcher took detailed notes. In some cases participants requested not to be interviewed and two interviews were products of a fortuitous opportunity when the researcher was not carrying a recording device. One interview interchange was conducted over the duration of several months via email at the participant’s suggestion. Table 1 describes the pool of participants and the associated numbers.
Table 1: Participant Pool

<table>
<thead>
<tr>
<th>Position Held</th>
<th>Type of Institution</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior managers and</td>
<td>Private University, Transnational University, University</td>
<td>8</td>
</tr>
<tr>
<td>administrators</td>
<td>Colleges, Public university</td>
<td></td>
</tr>
<tr>
<td>Academic</td>
<td>Private University, Transnational University, Public</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>University</td>
<td></td>
</tr>
<tr>
<td>Vocational teacher</td>
<td>Private College</td>
<td>1</td>
</tr>
<tr>
<td>Politician</td>
<td>Major political party</td>
<td>1</td>
</tr>
<tr>
<td>Editor</td>
<td>Independent Malaysian publication</td>
<td>2</td>
</tr>
</tbody>
</table>

**Stakeholder Analysis**

According to Freeman (1984), stakeholder theory attempts to articulate three key questions: Who are they? What do they want? How are they going to try and get it? Early works which used stakeholder analysis in conducting policy studies were adapted from organisational and management literature, and drew on research which focused on “the distribution of power and the role of interest groups in the decision and policy making process … It focuses on the interrelations of groups and organizations and their impact on policy” (Burgha & Varasovsky 2000, p.240). Literature on stakeholder theory frequently references Freeman’s seminal work on the topic. This study adopts Freeman’s definition of a stakeholder, which is “…any group or individual who can
 affect or is affected by the achievement of the organization’s objectives” (1984, p. 46). These are actors (be they individuals or institutions) that have a vested interest in a policy being promoted and implemented.

Extending Freeman’s (1999) definition, additional attributes developed by Mitchell et. al were used to define a key stakeholder: (1) the stakeholder’s power to influence the policy process, (2) the legitimacy of the stakeholder’s relationship with policy makers and other members of the subsystem, and (3) the urgency of the stakeholder’s claim (p. 854). Another addition to this study’s definition of a stakeholder is the individual’s or group’s knowledge of the policy being introduced (1997, p.854). This is an important addition, especially with the identification of stakeholders who would only hold a nominal ability to contribute but have a relatively high level of legitimacy with policy makers, because of the level of knowledge they possess about the post-secondary education sector. Integrating Freeman’s (1984) definition with Mitchell’s (1997) attributes identifies stakeholders who have the ability to impact or are impacted by policy decisions, but also identifies the different levels of influence and impact a policy decision has on different stakeholders. The idea of stakeholder theory holds great relevance in policy analysis, particularly since public policy has a vast number of groups and individuals that may impact or be impacted by a government’s objectives. In higher education, specifically, educational institutions are strongly impacted by and also influence educational policy.
Identifying a stakeholder

Mitchell’s ‘power’, ‘legitimacy’ and ‘urgency’ attributes (1997) reveal three categories of stakeholders as identified by Szwajkowki (2000 p.389): (1) stakeholders who are readily identifiable because of their express or implied contractual relationship to the firm (having a highest and most obvious presence of power, legitimacy, urgency and deepest level of knowledge); (2) Those who identify themselves because of the impact, positive or negative, of the firm’s activities to their own well-being (having a high level of legitimacy and urgency); (3) those third parties who may claim a stake in the firm when no such relationship exists (having a high level of knowledge, low level of power and urgency but a high level of legitimacy).

Category one: readily identifiable institutional stakeholder

One strategy of stakeholder analysis uses empirically based evidence to identity key stakeholders, collected from initial points of informal contacts, documentary analysis and on pre-existing background knowledge (Scholl 2000, Weible 2006). Two initial focal governmental stakeholders were identified in this specific policy subsystem: the Ministries of Education and Higher Education. Documentary analysis and informal discussions with supervisors and their research associates generated further stakeholders and included the newly introduced Malaysian Qualifications Agency (MQA), Lembaga Akreditasi Negara (National Accreditation Agency) (LAN) and the Quality Assurances Division (QAD) which were used for the private higher education sector and public sector respectively (the relationship between the two becomes more explicit in chapter
seven). Factoring in the Mitchell’s (1997) attributes of influence, legitimacy, urgency and knowledge these various governmental stakeholders were identified as first category stakeholders since their relationship to policy, their presence in the sub system and their relationship to other private higher education providers is easily identifiable, namely they have the highest level of power and legitimacy to influence policy. Their sense of urgency is also the most prolific as these bodies are intertwined with goals and outcomes at a macro level.

During the first year of the research, category one non-governmental stakeholders were also identified through a series of documentary analysis and informal interviews with some prominent Malaysian and Australian based academics. The major non-governmental higher education stakeholders included private higher education institutes (which included government linked, transnational and ‘standalone’ institutes) and the country’s two private higher education associations, the Malaysian Association of Private Colleges and Universities (MAPCU) and the National Association of Private Educational Institutes (NAPEI).

**Category two: Self-identified stakeholders**

Since many private higher education institutes operate as profit-making enterprises, individuals who act as members of board of directors and perform managerial roles were identified as stakeholders. These individuals consider themselves stakeholders because the activities of an institution impacts on their interests. What differentiate these individuals from category one are their levels of influence and the legitimacy of
their relationship to others. Although the urgency of these stakeholders can be deemed as equally important (because of their ability to control the fiscal operations of an institution) their knowledge on key policies differ, as do the nature of their roles. Some members of board of directors take on multiple roles in certain institutes and are intimately familiar with the educational policies, whereas others may have knowledge of key ideas of policies that have been introduced but less familiarity of the nuances found in the policies.

*Category three: third parties*

Another class of stakeholders, social commentators active in relation to private higher education, were also included. Publications produced by these social commentators are often influential to the public and referenced by other key stakeholders. Moreover, the degree of influence exerted by players in this category may be influential in shaping public opinion and however while often referenced by other stakeholders, the ability of this group to significantly influence the path of a policy is minimal. Furthermore, their relationship to other stakeholders is subject to varying degrees of legitimacy since their level of influence may not be as prevalent as those in category one and two. Despite this, the strength of this group was the high level of information and knowledge they held of the sector, their ability to connect with a broader public audience and their links to other key stakeholders. These stakeholders were identified through their publications.
Selection and Sampling of institutes and participants

Using the above discussed stakeholder analysis the researcher identified several Malaysian private higher education sector players and the following section outlines the sampling process of institutions and individuals and the limitations faced.

A combination of purposive and convenience sampling was employed in this research. Purposive sampling uses a conscious selection of participants based on the researcher’s judgement of what criteria participants should have in order to be selected as interviewees (Higginbottom, 2004). In this way, stakeholders in the private higher education sector and other individuals who (based on their knowledge of the higher education sector) could contribute to the research were identified using this method. Patton (1990) asserts that the strength of purposive sampling is that “…the logic and power of purposive sampling lies in selecting information-rich cases in depth. Information rich cases are those which one can learn a great deal about issues of central importance to the purpose of the research” (p.182, author’s own emphasis). Patton also identifies another strain of purposive sampling, snowball or chain sampling, in which participants are chosen to act as ‘gatekeepers’ and are “people who know people who know people…” (p.182).

Despite the initial intention to use purely purposive sampling, limitations faced by the researcher such as low or zero response rates to solicitations for interviews, geographic, time and financial constraints forced the researcher to adopt convenience sampling. This is sampling which involved including participants who were readily available and
were easy to contact during the limited period of fieldwork (Higginsbottom, 2004).

Patton (2000) has argued that convenience sampling is the weakest and easiest method of sampling and should only be used at the last resort. The following discussion will show that where convenience sampling was used it was a method of last resort, due to the previously mentioned constraints, and not because it was the easiest path to follow.

The following four sections outline the sampling techniques employed before and during the data collection phase in Malaysia, and also sampling issues that presented during this phase. The rationale behind the exclusion of certain stakeholders is discussed, as is the effect of these exclusions on the study.

The selection of institutions was based on purposive sampling. Some of the larger private institutes that were selected included foreign branch campuses and larger domestic providers. Smaller colleges and university colleges were also included in the selection process, along with more well-known institutes. The more well-known institutes were chosen on the basis of these factors: they were the most well established institutes which have witnessed past and ongoing changes in the industry; had the highest intake of students; and had the greatest diversity of courses available or provide specialist (i.e. niche) markets to students; and it was assumed that these institutes would have close and good working relationships with the Ministry of Higher Education. A close working relationship with the Ministry was presumed to indicate a high level of knowledge on important aspects of higher education strategies.

The selection and sampling of participants that would represent the diversity of the
private higher education sector in Malaysia was challenging. Initially, the selection process was relatively straightforward with the researcher’s decision to select some of the larger and more established institutes in Malaysia, and narrow the number of institutes approached to between ten to fifteen institutes. To gain a list of larger institutions, the researcher accessed the membership list of MAPCU. MAPCU is the largest body that represents private higher education institutes and has an extensive list of members in its organisation. The MAPCU council compromises key private higher education industry figures from various prestigious universities in Malaysia. The members are diverse and provided a good starting point to sourcing participants working in the private higher education sector. From these institutions, the investigator reached out to prospective participants.

There was a two-pronged approach used during the sampling process. The first was using a snowballing technique to recruit participants via personal contacts that the investigator had already obtained. As initial point of contacts, these individuals were invaluable. They began to recommend other individuals, who then in turn recommended additional individuals. Over the duration of the fieldwork, this has helped immensely with sourcing participants, as occasionally any attempts to solicit replies to the initial approach produced no results due to conflicting schedules from potential participants or no responses.

Participants that were not sourced via the snowballing method were approached by the investigator via emails. Key perspectives were sought were from various echelons of the private higher education sector: from lecturers, to high-level administrators, social
commentators and key political figures, accordingly. In total, 25 emails were dispatched to twelve private institutes. Sampling from this point on was contingent on the number of responses to emails and the availability of participants. This was by no means a uniformed process and admittedly this part of the selection process was based primarily on luck and good timing. There were some individuals who stated that they were keen to participate but unfortunately could not afford any time during periods of fieldwork. Nevertheless, each and every participant interviewed has provided the researcher with a cross-section of opinions on the subject matters.

The exclusion of the branch campuses of Swinburne and Curtin universities was factored by location since they are located on Borneo Malaysia rather than Peninsular Malaysia where the field work was carried out. The sampling of institutes was also influenced by the lack of availability of participants from selected institutes to be interviewed during the period in which fieldwork was conducted. In total 11 institutes are represented by the participant pool.

Representatives from the Ministry of Higher Education (MoHE) or Ministry of Education (MOE) declined to participate in this study, despite many emails that were sent out to various levels of MoHE and MOE representatives over the duration of one year, which elicited no successful responses. This was disappointing, and forced the researcher to limit data collection on government actors to the analysis of key governmental publications.

There were also other difficulties sourcing participants from the private higher
education sector: the private higher education sector is quite diverse, with some institutes belonging to government linked corporations, some private, and some are foreign branch campuses. The study had aimed to arrange interviews with participants from government linked institutes but none of the participants from these institutions agreed to participate in this study. The study did, however, include one participant who had initially worked in a government linked institute, but then moved over to a private institute after, so this person’s insights in the workings of two different kinds of private institutes was interesting.

Also excluded from the study was another influential stakeholder: students of private higher education institutes and the parents that support them. While the researcher had some success in sourcing industry representatives, time constraints meant that the researcher was unable to source students from participating institutions. Furthermore, reaching out to parents was similarly constrained by time and the lack of opportunity. This was also exacerbated by the fact that many students based in private institutions in the capital come from different states.

While the absence of these stakeholders potentially meant that the perspectives of those decidedly affected by government policies were not factored into the study, the strength of the participants was that many were considered “information-rich cases” (Patton 1990, p.169). As part of the semi structured interviews with participants from private institutions, many participants weaved discussions on their students’ experiences (informed by feedback from students and parents) into their interviews leading to unique perspectives on different aspects of private higher education policies. One key
example of this was the issue of provisional accreditation guidelines as imposed by
LAN and the concerns raised by parents and students of institutions teaching
provisionally accredited programs (see Chapter 7 for further discussions). Although the
sample size of this study does not include these stakeholders, the sample was sound in
making analytical generalisations for the study, i.e. the ability to link the study’s
findings to the theoretical framework used (Curtis et al., 2000).

Data Analysis

As mentioned, all the interviews that were tape-recorded were transcribed, and field
notes were collated into word documents. All transcriptions were typed by the
researcher for practical reasons: firstly due to financial constraints and secondly because
some interviews fluctuated between strong colloquial Malaysian English and formal
English or switched between different languages (Bahasa and Hokkien, which was
spoken with participants based in Penang). The investigator’s command of Bahasa and
Hokkien languages is fairly sound with her command of English at a higher level of
proficiency, and during the process of interviewing there was no confusion when any of
the languages were spoken. It should be noted that the majority of interviews were done
in English, with only a handful involving occasional code switching. The transcribing of
different languages into word documents posed some difficulty—it certainly slowed
down the transcribing process. Additionally, the Hokkien dialect was transliterated to
roman script to create the closest phonetic reflection. The Hokkien dialect comes from
the Fujian province in China and variants of the dialect are found in Southeast Asia. The
dialect spoken in Singapore is different from the dialect spoken in the northern states of
Malaysia (e.g. Penang), which tends to incorporate words from the Malay language. Transliteration of these interviews requires language skills in both particular Hokkien dialects and in English, both of which the investigator possesses. All sections of interviews that were transcribed in Hokkien have a memo attached to it, citing the time code to when it was said (e.g. “Hokkien spoken, minute 64:15”), for purposes of cross referencing when the transcribed words did not fully make sense when written in English. All raw data was then transferred into the qualitative data program Nvivo for coding.

Coding of data was done thematically, after a period of familiarisation with the raw data. Familiarisation has been defined as “an immersion in the data: listening to tapes, reading transcripts, studying observational notes” (Huberman & Miles 2002, p. 312). Because the researcher transcribed all her interviews, re-visited transcribed interviews and kept in touch with her personal contacts, recurrent themes and issues emerged from the data. These recurrent themes, e.g. the growth in student enrolments (the expansion of access), the upgrading of institutions, Malaysia as a regional education hub, the evolution of quality assurances, staff incentives, etc were identified and interviews were coded accordingly.

**Ethical Considerations**

Central to the study is the promise of anonymity of all participants involved. As such, all the participants in the study were identified by a number when interview sessions
were transcribed. In order to cross-reference the participant number with the correct individual, a brief description of the person’s role and position was used (which are only accessed by the researcher) and if the positions were similar, an additional note, such as the initials of the institute the participant worked at, was added. However clearly, given the previous discussion of the ‘snowball’ recruitment technique, some participants were aware of each other’s involvement in the project. On approximately four occasions, names of certain participants were used, with permission, during the formal approach of other potential interviewees with the intent of obtaining interviews or speeding up the process. Participants were also presented with the option of withdrawing from interviews at any stage and to have their transcripts supplied to them or destroyed upon request.
Chapter 3. Global Trends in Private Higher Education

In this chapter private higher education is explored via the lens of the thesis three key themes: access, internationalisation and quality assurances. This is done by discussing the consistent concepts that appear in private higher education globally. Despite the variations of private higher education markets around the world patterns can be identified which shape the characteristics of private higher education.

The characteristics that define sector are presented to provide the reader with an idea of what constitutes private higher education. The American higher education system is used as key reference because the American market has a long and established history, and the Australian market because of its role as a major exporter of education into the Asia Pacific region. Other higher education markets are also explored in this chapter, used to identify commonality found across various private higher education markets in countries of varying economic and political heritage. A variety of countries are used, from Latin America, Eastern Europe, The Philippines and other South East Asian markets.

Access to higher education has been re-shaped by the trend of massification, i.e. the growing number of individuals pursuing post-secondary education. Education systems that have gone through the transition process often discover a government’s difficulty in sustaining the growth in demand. As such, the response to such stress is to liberalise the private higher education sector. Liberalisation of the private sector ushers in the introduction of market type behaviour in what is traditionally considered a public good.
It also sees a shift in the sources of funding available to the higher education sector and a shift in academic systems. This liberalisation greatly widened access by changing the topography of providers, most notably the rise of the for-profit institution.

Internationalisation of higher education, defined as “…the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of post-secondary education…” (Knight 2004, p. 11). The working definition used in this research examines internationalisation through the policies, strategies and rationales at a national, sector and institutional level.

The rise of private higher education in global markets often grew faster than the mechanisms needed to regulate it. While private institutions have existed for some time in many countries as non-profits and had a high level of legitimacy, it was the mushrooming of the for-profit sector that raised issues of quality of the private higher education sector. In some countries, legislative vacuums existed and in others there were inadequate regulatory measures to ensure quality of education. As such, private higher education was initially viewed as an inferior alternative and the sector held little social legitimacy.

**Defining Private Higher Education**

The first distinction is the difference between a public provider and a private provider. Public providers are those established and owned by the state, whereas private providers
are established and owned by private entities or individuals. This difference acknowledges that a private and public provider have access to similar sources of funding (i.e. private funding and public (state) funding) and that how funding is accessed differs between institutions. This is discussed in further detail in this chapter’s section on changes in sources of funding. What this distinction highlights is the divergence in the origin of an institution. For the purpose of this study, this thesis only focuses on private higher education. From there, researchers involved in the higher education sector often point to characteristics that define the private sector. While the characteristics are not globally homogenous, they nevertheless define what private higher education is.

The first definitive characteristic of private higher education is the duality of providers: the non-profit organisation and the for-profit organisation. A non-profit organisation does not operate with an intention of monetary gain for its owners. A for-profit institute functions with a specific aim to generation profits from their services. The classification of for-profit institutes varies in every country’s markets, and a wide range of institutions that make up the for profit higher education sector all differing in their range of ownerships, mission statements, curricula, pedagogy, clientele and status (Kinser & Levy, 2006). However some key characteristics are often adopted in order to classify for for-profits, the most common identification being the highly capitalist nature of the institute. For-profit institutes operate are guided to provide an education service to its customers at a cost effective price and gain a profit from its services. For-profits offer specialised courses to its students since the institutes have to be sensitive to market demands: i.e. what the consumer (the student) wants. The American for-profit sector is
identified by its tax code, while non-profits are also classified by its legal status that “it cannot benefit from private interests … assets must be permanently dedicated to charitable purposes and net earnings cannot be distributed to owners or shareholders” (Kinser & Levy 2006, p. 110). From a fiscal perspective, a private provider often relies on non-state financial activities. The most common forms of income generation across private higher education sectors are the charging of tuition fees, ancillary services, and donations via commercial or alumni sources. Private providers received limited direct state financing, and are more privy to indirect state monies via research grants, student loans, etc. A more in-depth analysis of the for-profit and non-profit distinction is presented in chapter three, which explores global higher education.

Ownership is the second characteristic that defines private higher education. For-profit private higher education institutes, for example are corporate entities offering the service of an education. Ownership and services vary across the private higher education sector, range from small institutes offering limited vocational focused courses to prestigious research universities at the top of their fields with a wide range of higher learning options. Quite often, larger institutes that are for-profit entities are listed on stock exchanges and are either a singular large commercial entity or a branch of a multinational or a multi-interest company. The diversity of ownership can be rather unique. Ownership of private higher education providers in Malaysia include individual ownership, large institutions owned by government linked corporations, universities with political connections, to foreign providers. This is discussed in more detail in chapter four, where the historical context of higher education and the growth of private higher education are examined.
The third characteristic is accountability and autonomy. Public institutes are accountable to the state, since public higher education receives a significant percentage of their finance from state funding, both direct and indirectly. Private institutes, by the nature of their ownership are held accountable to a different authority. Non-profits for example often have a board of trustees overseeing their operations, scrutinising their collection and distribution of money. For-profits often have shareholders; individuals with an invested financial interest in their operations, particularly institutions which are arms of large corporate entities. Academic autonomy is closely related accountability. Academic autonomy will always be under the influence of state policy as it is a compulsory mechanism used to regulate the sector. However, the level of autonomy differs depending on whom the provider is accountable to. Public universities, particularly in certain countries have been subject to limited academic autonomy because of the highly interventionist nature of government. Private institutes however, tend to have more academic autonomy because of lesser presence of state involvement.

Lastly in countries where private higher education sector has a strong presence, the for-profit education sector has an extensive presence where it functions in a “demand absorbing” role and retains a large share of total enrolments in the higher education market (Kinser & Levy 2006, p.107). This large expansion “in countries with very different levels of income, governments alike have allowed the private sector to develop rapidly in order to fulfil objectives of higher level of enrolments … This pattern of expansion…is normally the result of strong social demand and lax regulation” (Teixeria 2009, p. 247). Levy identifies that it is the “non-elite” sub-sector of private higher
education that are central to this demand-absorption (Altbach, Reisberg & Rumbley, 2009). Levy draws the distinction between the nonelite private institutions and those classified as elite or “semi-elite”. Elite private institutions, such as those found in the US private higher education sector, are top ranked institutions. Semi-elite institutions fall between elite and non-elite institutions have “above average selectivity and status” (Levy, 2011 p. 80). While the semi-elite institutions are responsible for enrolling students who were unable or choose not to enter into a public institution, the non-elite sub-sector has been responsible for the largest increase in enrolments and meeting the demands for access to higher education.

Though the characteristics of private higher education tend to be consistent in markets across the globe, there are some exceptions. Some examples include the dominant state presence in the China and Japan private higher education markets (which are subject to strict regulation), the high level of state funding available to Indian private providers, but the overall adherence to the defining characteristics of private higher education is consistent globally.

Having identified and explored the characteristics of private higher education, the following section examines the first theme of private higher education, how private sector has re-defined access to higher education.

**Access: From massification onwards**

Most governments in the world take primary responsibility for the financing of the higher education sector; however the culmination of increasing costs and higher
enrolment numbers has begun to strain government resources, particularly with competing priorities such as health care and infrastructure. Consequently, higher education globally has seen a dramatic shift towards the private sector, which becomes an engine for massification (Shin & Harman, 2009).

The impact of the massification of higher education: Public / Private Good

Higher education is not technically a public good, since public good are goods that do not have an exclusivity of access to them and the consumption of the good by one individual will not hinder another individual. Higher education, however, is often viewed as good for the society as well as beneficial for the individual, and as such it was the responsibility of the state to support and fund each student. The massification of higher education meant costs of provision was driven up. Governments did not have the funds to support a mass system, and began looking for ways to supplement state allocations. In some countries this has led to the liberalisation of the private sector, the growth in providers, and the privatisation of public institutions. The changing perception of education now focuses on the individual student as the primary beneficiary, and that higher education can be treated as a private good, which gives justification to the charging of tuition fees, some institutions higher than others depending on their position. The introduction of education as part of the World Trade

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9 This is a neoclassical economics concept. See Teixeria 2004, Jongbloed 2004, Pusser 2006 for more discussions of higher education markets and public goods.
Organization’s 1995 General Agreement on Trade in Services highlighted the fact that education could be traded as a good across borders.

**The introduction of a market environment**

Conventional discussions of education markets gravitate to education being a mixed market, displaying characteristics of both public and private enterprise. Higher education markets in countries such as Australia and the US area a mixture of market and non-market forces that are defined by various factors of market production and non-market behaviours. Market production stems from the creation of goods to fulfil a public demand via a competitive environment with other similar producers. Simon Marginson’s (1997) *Markets in Education* identified five characteristics of market production that dominate the education sector in Australia: individualised commodities, a defined field of production, relations of monetary exchange, competition between producers and market appropriate behaviours.

Market productions aim to create a commodity to address a scarce commodity or commodities which lends to restricted benefits to the consumers, since scarcity means an exclusion process to which not every individual may access the commodity to reap its benefits. Defined fields of production are employed to address the demand of a scarce resource. In Australia, private schools or top ranking public schools have a high level of exclusivity, and universities that have very limited intake of students in high demand or highly regarded courses are considered exclusive commodities (Marginson
1997). The defined fields of production are commonly streams and levels of qualifications that are offered within education institutes, be it vocational skills or undergraduate degrees, pathway courses, professional training or postgraduate courses. In return for access to these scarce products, there is often a monetary exchange between the producers (the educational institute) and the consumer (the parent, the student, or an employer). The supply of higher education plays an additional role in that Marginson defines it as positional good. These are “status goods that are found in forms of private, elite or leading universities…acquisition of positional goods is often signified in credentials used in the transition to labour markets and further education” (1997, p.39). Positional goods are “scarce in absolute terms”: a fixed limit to total supply since the limited spaces in higher education are not, or cannot, be expanded.

Universities and the products they offer present themselves as an in-demand commodity with different levels of quality and grade, creating the ability of choice for consumers. The dynamics of positional goods presents relations of competition between producers and their potential consumers. Higher education markets, especially private providers, adopt market appropriate attitudes and behaviour in the production, consumption and exchange of educational goods. Goods such as higher education are often highly competitive, particularly institutes that have very little sovereignty over consumer choices. That is, they do not possess the high level of positional value that can control consumer choices, unlike an elite institute with constant high levels of demands that has the ability to pick and choose its students. Such institutes then have to adopt more conventional methods to attract consumers such as repositioning their defined fields of production, competitive pricing, or a more flexible approach to international presences.
Higher education is also prohibitive in its nature because of the external influences that strongly influence its market. This points to the idea that the sector is influenced by several factors such as spill-over from other corporate and governmental bodies (such as the inability for some institutes to focus on research intensive activities due to the lack of government research funds, or that decentralisation made smaller institutes susceptible to too intense of competition). Academic capitalism, which is defined by Slaughter (1997) as money-seeking behaviour of academics via means of participating in market orientated research, is one of the most common reforms in how institutes redefine their fields of production, particularly in well-established higher education markets such as in the US. Academic capitalism stemmed from the gradual decrease in national investments into higher education due to the rising costs of education coupled with an increase in demand by its citizens.

Marginson (1997) also argues that education markets also display non-market characteristics, which creates the mix market environment. The market functions as a hybrid since it manifests both non-exclusive characteristics of a public good (that one consumer entering the market doesn’t necessarily prevent other consumer from benefiting). Ideally, in public higher education, the sector is under the control of the government, which uses higher education as a tool for wealth creation and for social good. Education is commonly seen as the stepping-stone in social and economic development and it thus in the interest of the government at hand to provide access to most levels of education to its citizens (Altbach 1999). Although such non-exclusivity factors are commonly associated with public education (referred to as a public or
common good), higher education markets in reality form a more complex picture. Although public higher education does perform a social service by allowing access to its citizens, major markets have proven it not to such a clear picture.

The US market has several public universities, supported by state and federal funding but functions as a highly positional good. Ivy League universities for example are public universities with a high level of exclusivity due to their academic prestige and endowment funds. Although under government regulation, these institutes retain their prestige by limiting the number of students who may enter. The majority of Australian universities are public institutes that are funded by the government. However, universities are also heavily involved in capitalist pursuits in order to maintain their operations. The most common forms of fiscal activities include the recruitment of full fee paying international (and to a smaller extent domestic) students, the offering of ancillary services, and professional training courses which relies heavily on career placement and/or advancement. The pursuit of fiscal support external to public funding is a definitive feature of the private higher education patterns globally, but also opens up similar questions of its role in creating social and economic capital.

Liberalisation and expansion of the private higher education market

Legislation introduced to liberalise of the private higher sector also introduced the allowance for public institutes to adopt corporate mannerisms and permit public universities to engage in revenue seeking behaviour. The restructuring of higher education is a global phenomenon, and common patterns have emerged.
accountability and productivity began to become central themes in the operation of a higher education institute. Public universities had this shift placed on them by the state as part of global trend for reduced spending on higher education. The change in legislation to allow corporate type behaviour in the public institutes worked in tandem with the liberalisation of the private higher education. The purpose was to encourage competition between public and private providers in how institutions may attract students and alternative sources of funding.

Liberalisation of the private higher education sector essentially explores the opening up of the higher education sector to market forces. The key factor in the liberalisation was often the state’s inability to address the growing demand for higher education. In new industrialised economies, the demand for post-secondary education was met with the rapid expansion of the private higher education sector.

The growth of the for-profit sector in the US has garnered a significant amount of attention in contemporary debate about private higher education in the country. The growth of this industry has been nothing short of remarkable. The fastest growing segment in the US higher education market, the for-profits segment has been predicted to eventually hold ten per cent of total enrolments in the United States, which equates to one third of the private higher education market share (Levy, 2009). Early establishments of for-profit institutes saw a modest number of students attending their institutions. This changed dramatically during the 1970-80s with the amendment to the Higher Education Act that permitted students at for-profit institutes to received federal aid (Beaver 2008). The combination of access to large federal grants via financial aid;
the trend towards career focused education; and the growing trend of higher education as social capital saw the first boom for the for-profit sector.

While the concept of social capital has now branched out to larger spheres of public discourse (Portes, 2000), social capital in this thesis refers to the benefits accumulated to the individual via their access to higher education and choices individuals make in order to achieve their goals. Broadly speaking, social capital is the benefits resulting from the relationships between individuals and groups. The theoretical origins of social capital are attributed to Pierre Bourdieu (1985) and James Coleman (1990), and refer to social capital as an individual asset and focused on the benefits accumulated the individual “by virtue of their ties with others”. (Portes, p. 2, 2000). Benefits are not restricted to monetary gains and also include other benefits such as greater access to a desired commodity or position, transmitting a particular set of values, etc.

Bourdieu’s concept of social capital presented the idea that individuals intentionally cultivated specific relations for their future benefits and introduced the interaction between money capital, social capital and cultural capital. Within this context, parents will invest a significant sum of money in their children’s education in order to obtain a degree from a Western university presumably to enhance their future employability, the social cachet attached to a foreign degree (or particular field of study such as law or medicine), and the greater recognition that comes with a degree from a well-known institution.

The idea of higher education as social capital has a significant impact, as it demands for
greater access to post-secondary education. In post-communist countries such as Romania, the demand for higher education was seen as a “vehicle for upward social and/or economic mobility (…) a university degree was often the only valuable ‘good’ which parents could offer their children” (Sadlak 1993, p.13). A common pattern in Eastern Europe, privatisation of higher education was pushed by a specific shortage of courses in areas of study such as management and economics, particularly with the introduction of a market-friendly environment into former communist states. The potential of the private sector was also buoyed by the public higher education sector’s early resistance to the introduction of the market economy environment and its inability to support a strong wage base for academics (Cerych & Hendrichová, 1994).

In South America, the pattern of evolution has largely been determined by the lack of capacity of existing public institutions to meet the fast increasing demands for access in higher education, with the private higher education institutions developing a demand absorbing pattern. The increase in enrolment numbers, as well as the growth of universities with “greater institutional differentiations” (Torres & Schugurensky 2002, p.444) and the growth of regionalisation has been significant. The numbers for South America have been impressive:

The statistics for entire education systems, especially higher education, are significant: educational expansion in Latin America between 1960-1970 accounts for the higher rates of educational growth in the world. During the decade the rate of growth for primary education was 167.5%, 246.9% for secondary education and 258.3% for higher education (…) Another trend has been the rapid growth of the private sector in Latin American higher education:
from the 1950s to the 1990, the private shares in total enrolments grew from an insignificant 7% to almost 40% (Torres & Schugurensky 2002, p.444).

In Chile, significant reforms to the higher education were introduced in 1981 when the military government implemented market-orientated reforms. Prior to the reform, the country had eight universities, two of which were public, and the rest being private with three being private non-profit church affiliated institutions (Fried & Aduhadba 1991). The two major objectives of the reform were to open up the higher education system, especially in rural areas where access was low, and secondly to diversify the sector by introducing private for-profit players and creating a greater range of providers. The opening up of the higher education sector was to enhance market regulation by diversifying sources of funding and enhancing competition between institutions. This diversification happened over a myriad of strategies, which included annexing regional public universities campuses (and turning them into regional universities), the establishment of private universities independent of state funding and restructuring the distribution of financial support allocated to the education sector (Brunner 1993).

In Southeast Asia, the growth of the private higher education has been influenced by the rapid economic growth of the region, coupled with a strong social demand for greater access to education (Gonzales, 1999; Huang, 2007; Lee, 1999; Mok, 2008; Tham, 2010; Yonezawa, 2007). Additionally, many higher education sectors across the region were also opening up to the “privatisation gospel” (Teixeria & Amaral, 2001). Regionally, the history of private higher education providers has been eclectic by nature. The majority of governments in the Southeast Asian region have provided higher education,
which has been traditionally an elite sector. Private providers had existed prior to the strong economic growth but public universities were still responsible for the supply of higher education. It was during periods of economic boom that the upsurge of private providers began (with Philippines being the exception to the rule). In Thailand, the Private Higher Education Institution Act was passed in 1979, which allowed the private sector to award degree. By 2000, there were 50 private higher education institutions, and most of them were established in the 1980s and 1990s (Lee, 2011). After the introduction of the doi moi policy of economic renovation in 1986, private higher education institutions began to appear in Vietnam. By the year 2000, there were 22 private universities and colleges, enrolling 11.4 per cent of the total number of tertiary students in the country (Lee, 2011; Huong & Fry, 2004). The privatization of higher education in this region has helped to ease the budgetary constraints faced by national governments in their effort to widen access to higher education. The move to do so mimics the global trend of commodification and marketisation of higher education. Other mitigating factors that contributed to the growth of the for-profit sector were its target of niche student markets, such as adult learners and the introduction of online tools for learning. These key factors will be discussed in further details in the literature review section that discusses the typology of private higher education providers.

Sources of Funding

The massification of higher education and rising costs caused tremendous strain on national resources and infrastructure for higher education. Therefore, many governments chose to restructure their higher education systems and seek alternative
sources of funding for higher education. One response to these pressures was to link funding to performance. Changes in shift in the sources of funding have had an impact on the behaviour of universities. The restructuring of the sources of funding in the public sector also impacts the private higher education sector as many measures of restructuring sources of funding was to encourage competition and efficiency between public and private institutions.

The restructuring of financing of the Chilean public higher education sector in 1981 shifted from incremental funding to a more diversified system that incorporated multiple funding mechanisms. The first reform was to institutional core funding for public institutes, limiting state financial support and recovering some of the costs of maintaining public higher education by passing some of the costs to the students and/or their families (Brunner, 1993). The second reform was the introduction of competitive institutional funding based on financial rewards given to institutions that enrol the best performing students. The third reform was the introduction of government backed loan schemes that served as support mechanisms for public institutions, which now had to charge tuition fees. The fourth reform was the introduction of a research fund to which allocation of money was subject to peer selection.

Another significant move was the reduction of public for higher education, as seen by budget cuts in public universities. This practice was obvious during the 1997 Asian economic crisis, when the International Monetary Fund and World Bank required Southeast Asian countries to cut public spending before being provided any loans. The public higher education sector had a considerable alternative in enabling supply, and
many governments began to encourage market type behaviour in the public universities.

The shift in academic systems

For-profit private educational enterprises, despite having its legitimacy challenged because they are run as capitalist operations, is also seen as providing a social good because they provide access for other sections of the university age cohort. In Malaysia, the private higher education institutes provide a substantial number of places to domestic students that are not able to gain places in public universities or go overseas to pursue a degree. The origins of for-profit universities in countries like Chile, Brazil or India stems from the limitations from the public sector to provide places for a growing demand of post-secondary education. Ruch, in his 2001 publication *Higher Education, Inc: The Rise of the For Profit University*, strongly argued the public good that private higher education played in the US market by addressing the limitations of the US public universities, such as providing technical education not necessarily popular in larger institutes and providing education for marginalised people. Ruch, who worked in the DeVry Institute at the time of the publication advocated the important role smaller institutes play in the US by supplying education to citizens, many who are ethnic minorities or from modest economic backgrounds, and do not have the luck or luxury of gaining entrance to more prestigious and/or public institutes. Middlehurst (2001) points to the important role that private higher education providers have played in supplying places for domestic students in Eastern Europe as discussed in the previous chapter, and is a trend that is reflected in Southeast Asian countries such as Thailand, Indonesia and
Despite the private higher education market being hugely diverse with varying education factions, it also has prohibitive barriers because of the range of access that consumers have. Higher education operates under a quasi-market environment (Marginson 1997, Marginson 2004, Teixeria 2004, Slaughter & Rhoades 2004; Pusser et al 2006) because it manifests some characteristics of a market environment but retains some non-market characteristics.

Another significant academic shift was the growing pool of non-traditional students. Although these categories of students are now common place, the introduction of private providers, and their creation of niche markets have altered the academic environment. Non-traditional students include students who work full-time, demand few (if any) face-to-face contact hours, socially or economically disadvantaged or face other limitations in accessing higher education institutes. The University of Phoenix (based in the US) is an often-quoted example of such. The University of Phoenix provides degrees to students around the country (via its distance learning programs) with many of its customer working full-time, in distant locations or are of varying economic backgrounds. Regardless of whether the company’s explicit money-seeking practices is viewed as crass and demeaning the prestige of education (Altbach, 1999; etc), others such as Ruch argue that it has provided opportunities to customers that would have been traditionally unable to further their education. Private higher education has increasingly become acceptable by consumers.


Widening Access

Higher education in Southeast Asia has gone through significant expansion due to the growth of demand stemming primarily from strong economic growth, and the increased access to primary and secondary education. Access to higher education in regions such as Southeast Asia (particularly colonial administered governments) was an elite privilege. Southeast Asian states that became independent during the early twentieth century began to liberalise access to higher education to its citizens. As well, higher education is often viewed as social capital that gave graduates the essential tool to the advancement their future. Governments also view higher education as key to human capital development, economic growth, national unity and identity and now it is considered central to success in a globalised knowledge economy. The rapid rise of enrolments in higher education during the last two decades has been exceptional, and the increased access also meant that many more individuals (particularly minorities) were able to access higher education. The surge in demand exacerbated the resources of governments, a commonality in many countries with growing populations and economies. As in other higher education sectors, government allowed private providers into the sector as a useful and fairly self-autonomous measure of absorbing demand.

The widening access of education has also brought about a differentiation of higher education institutions. Differentiation can occur vertically and horizontally (World Bank, 2000). Different types of higher education institutions have proliferated vertically, with the traditional research universities being joined by polytechnics, professional schools, technical institutes and community colleges. These different types

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of higher education institutions have different purposes and cater to the different needs of diverse groups of students. Horizontally, there are different types of higher education providers, including private providers run by for-profit corporations, non-profit organisations and religious groups.

The rise of for-profit education

A key distinction in the private higher education sector lies between the not-for-profit and for-profit institutions. In a pattern that is mimicked across continents and countries such as Chile, Philippines and the US, early private providers were traditionally religiously, affiliated organisations. The private higher education market in the United States serves as an example of the growth in this distinction and the literature surrounding the US market is prolific. The US has a long history of private higher education, attributed to the long presence of the not-for-profit institutes. The first private providers established in the US were religiously affiliated institutes based on philanthropic ideals. Many of these older institutes were established to “educated the sons of the leading families and to support the development of a cultured clergy and social class” (Ruch p.55). Over time, many of these institutes founded by religious organisations have evolved, through time and increasingly generous endowments by alumni, to become premiere institutes of higher learning, important research centres and creating an elite grouping of their own (a status that has transcended regions and countries). Similar examples of religious base educational institutes can be found in Chile, Colombia, and the Philippines where older church affiliated institutes are considered the top institutes in their countries and often share the same academic and
social prestige as highly regarded public universities. In the US, the first private institutions were established as a response to the government’s reluctance to provide any further support for its new citizens (Goldin & Katz, 1999). Harvard was founded by the elite clergy of Puritans; Yale was established by the Congregationalists; Princeton by the Presbyterians; and Brown University by the Baptists. These not-for-profit institutes fall under the category of the traditional universities, a position that they share with the public higher education sector because of their history (Goldin & Katz, 1999).

For-profit institutes are private own enterprises with ownership ranging from publicly listed companies to small family owned entities. For-profits are considered relatively new players into the higher education sector compared to their non-profit counterparts. The nature of ownership reflects the diversity of for-profit institutes in private higher education markets. Family owned for-profits, often referred to “mom and pop” institutes in the United States (Ruch, 2001), are often the small vocational or professional training centres that tend to have a small number of students. Family owned for-profits institutes are not limited to the United States and are found in several countries, particularly those with a well-established private higher education markets. On the other end of the spectrum are the large for-profits that enrol a high number of students. Major private education providers are owned by publicly listed companies, some with diverse interests or companies specialising in the business of education. A well-known example is the University of Phoenix; a for-profit institute whose student body is made up predominately of working adults and is owned by the Apollo Group. Subject to scholarly and public scrutiny, the University of Phoenix has been regarded
simultaneously as both a successful model of a growth as a for-profit institute and as a dubious higher education provider lacking social legitimacy. Other larger institutes include the multi campus DeVry Institutes of Technology owned by DeVry Inc. In Malaysia, larger private institutes such as Sunway University College and Limkokwing University are owned by publicly listed conglomerates. INSEAD, often regarded as one of the best Business Schools globally, is a privately Paris based institute with multi locations and partnerships with a focus on postgraduate business studies.

Another distinction between the non-profit and the for-profit institutes is institutional diversity. There is a contrasting duality to the issue of diversity that argues between how private providers have contributed to the growth of diversity and the restrictive nature of the sector’s response to market demands. The introduction of for-profits institutes in some higher education sectors were seen to have a positive impact. A greater range of institutional autonomy, as well as a diversification of study opportunities for students, has been attributed to the introduction of the for-profit sector (Brunner, 1993). In the US, Ruch (2001) asserts that the proliferation of smaller private institutes has allowed students from different minority and economic backgrounds access to post-secondary education, a social good that contributes positively to the population. The diverse range of study opportunities for students to choose from various levels of study such as a vocational certificate from a training centre, a diploma from a polytechnic or a community college, a pathway in a university college leading onto a degree conferring institute; or a bachelors/ postgraduate degree from a university.

In Eastern European post-communist countries, the privatisation of the higher education
sector was pushed by a specific shortage of courses in areas of studies such as management and economics, a short term concern that it was hoped to be addressed by the for-profit sector. The presence of greater institutional autonomy was regarded as an important mechanism to remove ideology from teaching and curriculum in a higher education previously under strong state influence (Sadlak 1994). While the introduction of for-profit brought about some positive impacts for the private higher education sector, the restrictive nature of growth in the private sector arose.

For-profit institutes, operating principally on the basis of financial gains, are market sensitive and tend to be limited in their diversity of services available. As previously noted, the smaller “mom and pop” institutes in the United States serve as an example of a small scale enterprise with a focus on specific vocational education (a common example often cited are hairdressing schools). In the Philippines, which has the largest private higher education market second to the United States, private institutes educate the highest number of the tertiary market globally with some of the highest estimates of 85% of the students being enrolled in private institutes (Lee, 2007). The majority of these institutes are considered ‘non-sectarian’ (i.e. are not affiliated with any religious organisations) and the majority are for-profits. Many non-profits in the Philippines often focus on in-demand courses, since they operate primarily on tuition fees and thereby attempt to attract as many students as possible.

In Romania, private institutes recognised the strong demand for higher education and grew rapidly. Many institutes adopted mission statements and common strategies of private providers was to elevate their education services to “international”, “elite” or
“European” status. These providers focussed on vocational qualifications as reflected in its market demands (Reisz, 2005). Quite often, market sensitive institutes tend to offer in-demand courses, although smaller private institutes restrict itself to ‘soft courses’ that require comparatively lower financial input. Soft courses often refer to business and humanities studies, which require less capital than studies in science orientated courses. In Chile, the large influx of private institutions dramatically changed the landscape with the increase of professional institutes (institutos profesionales) and technical training schools (centros de formación técnica) dominating the private higher education market.

Similarly larger institutes often draw on a niche market to ensure survival and success. The University of Phoenix targets the mature and working student market with its offerings of conveniently located classrooms, delivered with flexibility to the student. INSEAD focuses primarily on executive education in a specific field of study. One of the bigger trends in the US for-profit sector was the demand for education to reflect career placement. Many for-profits began introducing job-orientated courses that would ensure successful employment upon graduation. Some for-profit institutes also began using their career placement outcomes as a marketing strategy to attract students (Beaver, 2008). For-profit providers, being market-sensitive often offer a limited level of diversity in courses.

Many for-profit institutes often lacked a service that demarcates them from the many prestigious non-profit institutes and public universities: academic research and postgraduate research degrees. Due to their dependency on tuition fees as their primary source of revenue, for-profits often do not engage in academic research and tend to
devote their energies to teaching and training. In contrast, non-profit institutions (particularly much older and well-established institutions) tend to have the resources to offer research-intensive postgraduate studies. The Philippines, which has a long tradition of private higher education similar to Chile and the United States, have prestigious non-profit private institutes that often as well regarded as the top public universities in the country (Altbach, 1999). Private non-profit institutions in the Philippines tend to offer a greater diversity and larger enrolments for postgraduate education. James speculates that non-profits “…prefer the status which this brings and their income from donations gives them some flexibility to diverge from the pure profit-maximizing course…In the Philippines, there appears that the (religious) non-profits are aiming for prestige or high quality market (associated with small classes, selective admissions, low enrolments and high tuition)” (1991, p.195 & p.200).

**Topography of the new entrants into higher education markets**

Higher education around the world has seen a “rapid emergence of a whole new education sector alongside the traditional, national, state-regulated and often free higher education…” (Haug, 1999, quoted in Middlehurst 2001). Granted that Haug posited this argument in relation to the European higher education market, but common patterns of growth have emerged in different higher education markets, often across physical and cultural borders. They redefine the structure of private higher education. Adopting and reinterpreting Middlehurst’s (2001) seven developments of higher education, the author has identified unique developments in private higher education: the introduction of the corporate institute; “for-profit” education; professional associations; virtual universities;
and the continuing evolution of the ‘traditional’ institutes of higher education. Although individually unique, none of these developments are mutually exclusive to each other and very often overlap each other.

**Corporate Institutes**

Corporate institutes originate from multinational companies and large-scale corporations. Corporate institutes function with commercial and fiscal matters as primary aims and rely strongly on ICT technology (Middlehurst, 2001; Knight, 2002). Corporate institutes, in the strictest sense of the term, are essentially training centres which focuses on specific skills building required within the corporation that run the educational programs. They can also be separated into training institutes and universities. Corporate institutes, while strictly defined as in house training centres have also branched out into communities. Corporations, rather than outsource their training, have begun to create their own institutes of learning in order to achieve specific training goals and by then have also branched out into collaboration. Many corporate institutes have often partnered their programs with more conventional post-secondary institutions (Kinser & Levy, 2006). The US higher education environment has long had the presence of corporate universities, with its presence being visible from diverse sectors of the post-secondary market. Some examples of corporate universities include the non-traditional University of Toyota (established in 1999, with mostly online delivery and some face-to-face seminars), the various partnerships found in Valencia Community College with large corporations such as Walt Disney and SeaWorld and the Hamburger University, founded by the McDonalds Corporation. Many of these linkages are often
used to market an institute’s graduate employability and career placements. In branching out from in house training to linkages with other smaller academic institutions, some corporations have also begun to branch out into developing larger scale academic institutes.

The Malaysian higher education sector has various universities that are inceptions of large corporations. Many of these universities originated from government-linked companies, with the most well-known institutes including UNITEN, which is an offshoot of Tenaga Nasional (the country’s national electricity carrier). Corporate universities are driven by client performances and productivity of staff member to ensure consistency of its products. Corporate universities also feature the use of ICT technology in response to popular demand, and regarding the use of ICT technology an essential tool of training. Corporate institutes naturally are more sensitive to external market forces, such as spill-over from other government and corporate sectors, and tend to be responsive to even the most top down ad hoc strategies and policies: “learning is conceptualised more broadly, to include both individual and organisational development. Features include education and training, but also, perhaps, research, consultancy, best-practice, benchmarking and knowledge management” (Middlehurst p.12). These courses also tend to be based on performance-based outcomes and applied research, as these institutes often cater to specific industries and their demands. More often than not, the rise of the corporate institute is attributed to the rise of the working adult student, the evolving concept of lifelong learning and increasing demands from employers for skills upgrades.
Professional Accreditation

Part of the growing influence of branding and certification of skills is the growing links between institutes and professional associations. Often, professional associations act as important consultants to the process of formally recognising a qualification as recognition because professional associations may greatly influence whether students may work in their targeted industries. Previously Microsoft would outsource their training programs to universities, which added additional certifications to tertiary programs undertaken by students. Additional certifications such as those endorsed by large IT companies such as Microsoft lent to the idea of creating a greater professional and employability currency for students. Microsoft has branched out and has expanded their certification programs to more sophisticated programs such as Microsoft Certified Engineer. Professional bodies are also becoming central to the accreditation processes of courses offered by institutes, such as the professional Association of Engineers in Malaysia which is a central figure in the accreditation process for institutes wanting to run post-secondary courses in engineering.

Virtual Universities

The term “virtual university” is frequently used to loosely describe a range of activities by educational institutes or private organisations involved. The term encompasses a broad range of ideas, the most well-known idea being distance-learning providers that employ ICT technologies for designing and delivering programs. One of the most well-known institutes with international links are the Open Universities worldwide that offer
several distance-learning programs. Virtual universities can also encompasses consortia arrangements such as the African Virtual University and the University of the Arctic, which consist of several institutes serving a common purpose: a purpose that is often unreachable or achievable by a single institute.

Other ideas of virtual universities also include commercial arms of traditional universities such as the University of Illinois and Purdue University online. Other variations of virtual universities are the creation of institutes specifically for online program delivery and the extension of opportunities for higher education institutes to expand their ICT training and online learning. The University of Phoenix again is another well-known virtual university that is not grounded by traditional ideas of physical characteristics of universities, such as large libraries and campuses. Another example of the development of a virtual university is the U21Global Online Graduate School (see Cross-border Collaborations section for further details). A good example of the latter is the development of cyber campuses in Cyberjaya, located in the outskirts of Kuala Lumpur and based in the Multimedia Super Corridor.

**Internationalisation: Rationale and Strategies**

Internationalisation is a term frequently found in higher education. Internationalisation is often used to describe the international dimensions of a higher education institute, often it be their rationale and strategies for expansion. Internationalisation, like “globalisation”, is a highly contested term, one that is evolving. Publications by Jane Knight argue that past working definitions of internationalisation, vis-à-vis with the
higher education sector, tended to have limitations since most definitions only has applicability to only institutes or specific countries. This thesis adopts a working definition by Knight (2004) which provides a more generic definition which relates to all aspects of education and the role that it plays: “Internationalization at the national/sector/institutional levels is defined as the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of post-secondary education” (p.11) The use of this definition for the researcher provides a broad picture of the functionality of the idea of internationalisation in higher education, specifically it creates a snapshot how it lends to the rationale, policies, strategies and implementations of how the Malaysian system aims to create a regional education hub, by triangulating broad policy mechanisms on a national/sector/institutional level.

**Policies**

At the national/sector level, policies related to the development of the international dimension of higher education include several aspects of the political-social sphere (Knight 2004). This can involve policies that cover foreign relations, employment, human resources, culture and national identity, science and technology, education and immigration (Knight & De Wit, 1999; Knight, 2004). These policies are guided by broad categories of rationales that are discussed later across Chapter 4 to 7 when examining different Malaysian private higher education polices. These policies are guided by broad categories of rationales that are discussed later. Within the education sector, policies mainly focus on operational mechanisms. These include the major areas of focus such as regulation, accreditation, funding, and curriculum, research, teaching
methods, quality assurance and quality control. Education related policies such as those mentioned have a direct impact on all types of educational providers, public and private and in all levels of post-secondary education. How these are regulated in the Malaysian sector shall be discussed in greater detail later. Giving a broad based glance at policies is a deliberate attempt in creating a layered conceptual framework which later attempts to address the rationale, strategies and implementations of the Malaysian sector. Policies at an institutional level also encompass several different interpretations. In straightforward terms it would include an institution’s mission statement, international and domestic student recruitment, international and inter-institutional partnerships, curriculum and delivery, and fiscal planning. For the purpose of this study, a wider interpretation is used that includes other key areas such as staff and faculty development, quality assurance, and research activities.

Strategies

Strategies refer to patterns of plans and decisions which work towards a specific goals and policies are formed on achieving strategically created outcomes (Knight & De Wit, 1999). Knight and de Wit (1999) identified two generic types of strategies that are employed: program and organisational. Strategies for internationalisation of higher education from all sectoral levels tend to overlap since it is common to find institutional-government and inter-institutional cooperation in the higher education industry. Ultimately, the goals of many universities, internationalisation vis-à-vis expansion and branding, are a common goal and also reflects governmental strategies to expand national higher education markets.
\textit{Student Recruitment}

Program strategies are found at an institution level and refer to initiatives which are academic in nature, primarily addressing issues of curriculum, teaching, research and development and other academically related supporting activities (Knight & de Wit, p.14; Knight 2004, p.14). Program strategies can often vary in size and these may include expansion to knowledge exchange via student and faculty exchange, implementing subjects with a more international dimension, encouraging greater cross-cultural interactions amongst students via curricular and co-curricular activities etc. The recruitment of international students is seen as an integral strategy in the international branding of an institution and their program. International student recruitment takes on a variety of roles within the sector. Larger institutions often engage in robust marketing strategies across different media or geographical locations and engage in domestic representatives (commonly known as education agents) as part of their student recruitment processes.

\textit{Transnational Education}

Another development was the emergence of various forms of trans-border education. Globalisation in higher education is reflected in the growth of new information and communication technologies, increased trade in educational services, and the emergence of borderless education (Cunningham, 2001). Many countries in the Southeast Asian
region are importers of cross-border education from countries such as Australia, United Kingdom and the United States. China is also another market with a strong private higher education sector with a growing transnational education presence. Transnational education can take different forms, such as the mobility of institutions, programs, students, and distance education. Malaysia for example, is both an importer and exporter of cross-border education having well-established foreign presence in the higher education sector, as well as establishing a Malaysian presence in countries such as Botswana (Limkokwing University\textsuperscript{10}) and India (Asia Pacific Institute of Information Technology\textsuperscript{11}). Private educational institutions have been fundamental to the development of an internationalised education system in the Asian region as private providers formed many significant partnerships with foreign universities to offer various kinds of transnational education initiatives, such as twinning programs, credit transfer agreements, external degree programs and joint-degree programs (Lee 2004).

\textit{Cross-Institutional and cross-commercial collaborations}

Post-secondary institutes are becoming more responsive to political, social, technological and economic changes by increasing collaboration between well established and newly established institutes and interacting with actors of different industries (Knight, 2004). Collaboration between institutes, apart from the above-mentioned branding exercise and the exchange of knowledge, is becoming increasingly

\textsuperscript{10} \url{http://www.limkokwing.net/botswana/} <last accessed 14 October 2010>

\textsuperscript{11} \url{http://www.apiit.edu.in/} <last accessed 3 August 2011>
crucial as the rise of the university consortia begins to weld a stronghold in the education market. The introduction of a dual-mode delivery which combines face-to-face and distance learning teaching strategies has become common place for institutes. Higher education institutes in Western countries such as Canada, US and Australia already have prolific dual-mode delivery system and this trend has spread to the Asian region with dual-mode delivery becoming popular in Malaysia, Singapore, China, Hong Kong and India.

There is also visible evidence in other forms of collaboration, encouraged by the constantly changing challenges of the education landscape. Australia’s Group of Eight consist of the eight leading universities in Australia which “works to ensure a consistent and sustainable policy environment which maximizes the wide-ranging economic, social and cultural benefits to the Australian community of higher education and which ensures Australian universities are recognised as among the best in the world.” (Group of Eight website\textsuperscript{12}) Middlehurst also documented another example of the Øresund Science Region, a collaborative research group based in Demark and Sweden which adopts the ‘triple-helix’ model of combining governmental agencies, private corporations and universities in support of economic and knowledge growth in the region.

International collaborations between large numbers of universities worldwide are also

\textsuperscript{12} \url{http://www.go8.edu.au/} <last accessed 29 May 2008>
developing, such as *Universitas 21*\(^{13}\). Currently consisting of 20 research-intensive universities, spread over thirteen countries in four continents, *Universitas 21* has its own virtual university U21Global\(^{14}\). U21 also worked in tandem with Thomson Learning in the Asian region. Thompson Learning and its parent company Cengage Learning is an international educational provider, which focuses on providing business and content delivery solutions to higher education institutes, and for professional training (Gürüz 2011). This type of collaboration has become another international model of collaboration between post-secondary education institutes and commercial partners.

Often these commercial partners pride themselves of being global companies with a strong background in knowledge management and professional training. In the case of U21, the creation of the curriculum, pathways and courses, as well as the onus of quality control falls on the *Universitas 21* consortia. Marketing, delivery of programs and other administrative services was provided by Thomson Learning (The Observatory on Borderless Higher Education, 2004\(^{15}\)).

More complex ideas of program internationalisation include the move towards “academic capitalism” (Slaughter & Rhoades, 2004) and the increasing corporatisation of public universities. Private providers also face considerable pressure to position themselves as institutes of choice for students and to be equally competitive for research funds, although they are subject to more complex eternal factors compared to public


\(^{14}\) [http://www.u21global.edu.sg/Education/home](http://www.u21global.edu.sg/Education/home) <last accessed 30 October 2004>

\(^{15}\) [www.obhe.ac.uk/documents/download?id=407](http://www.obhe.ac.uk/documents/download?id=407) <last accessed 5 February 2005>
universities (Stromquist, 2007). Thus their strategies, while similar to public institutes, tend to be more sensitive to external trends and are forced to be more observant on changing trends and opportunities.

Organisational strategies

Organisational strategies refer to initiatives that facilitate and sustain the institutes/sector’s international dimension. These may include human resources support, and improvement of administrative support. A key concept in organisational strategies is “integration” (Knight & de Wit, 1999; Knight, 2004), which seeks to seamlessly fuse mission statements, planning and review systems, procurement, recruitment and policies, etc in an efficient model of operation. On a national level, internationalisation of higher education is considered central to a national strategy of achieving specific goals. Organisational strategies, both at the national level and at the institutional level, often incorporate common themes of international recruitment of academics and students, quality assurance, quality control and marketing.

Rationale

Broadly speaking, rationales behind higher education expansion and internationalisation have been offered in four generic groups: social/cultural, political, academic and economic (Knight & de Wit, 1999; Knight, 2004). These generic groups are useful in analysing rationales in strategies and policies. However, these four generic groups do not distinguish between rationales employed by government, by the sector or by
institutes. Interestingly, one of the emerging trends that is becoming more difficult to classify into one of these generic groups is the importance of branding of institutions (Knight, 2003; 2004), which is an aggressive strategy with rationale that does not neatly fall into a single category. Branding is an important factor in the Malaysian private higher education sector, particularly in the country’s attempts to expand the Malaysian higher education market both domestically and internationally. Already, in Malaysia and internationally branding of an institute leads to successful recruitment of staff, students or both (Tan, 2002).

Quality and the Social Legitimacy of Private Providers

The growth of the private sector in the region was aided by the lack of strong governmental regulation of the providers. In several countries in the Asia-Pacific region the rapid growth of the private sector has accommodated much of the fast expansion of student access, issues of quality has pervaded the sector. Several reported incidents of diploma mills and unethical providers began to surface (Yee & Lim, 1995; Lee 2004), and concerns over the academic quality of provision have also arisen. Similarly, and reflecting a pattern of for-profit providers across the globe, the lack of research intensive activities also seen to be absent (Gonzalez, 1999; Tan, 2002; Welch, 2007).

In the United States, the growth of the for-profit sector since the 1990s has been remarkable. In a ten-year span (1991 to 2001), “…the number of for-profit, degree-granting college and university campuses in the United States has quietly increased by 112 per cent” (Ruch 2001, p.4) The underestimated growth of the for-profit sector,
particularly in the 1990s, reflected the growing demand and acceptance of the for-profit sector as a legitimate alternative for higher education. The expansion of the private higher education sector encountered its own regulatory problems. Opening up financial aid to students in private providers did increase enrolment numbers. However with the increase of enrolments, it soon became evident that some for-profit providers exploited the access to financial aid in order to gain a bigger share of the federal funds (Beaver, 2008). Moreover, the growth of ‘diploma mills’ - fraudulent schools that sold degrees to customers who were willing to pay a high sum of money - and long standing debates over whether education quality is even compatible with capitalism, saw the for-profit sector lose much of its social legitimacy. For-profits have to be sensitive to student demands in order to sustain itself. Part of the bigger trends in the US was the demand for education placement to reflect career placement (Ruch, 2001; Beaver, 2008). Many for-profits began introducing job-oriented courses that would assure successful employment upon graduation (Ruch, 2001). Some for-profits also began using their career placements outcomes as a marketing strategy to attract students (Beaver, 2008). However, the strategy of career placement outcomes was also subject to abuse and scrutiny. Claims of inflated student numbers and difficulty in substantiating job placement numbers were key concerns and again challenged the legitimacy of for-profit providers (Beaver, 2008).

The introduction of a private sector in the formally centralised Romanian higher education system saw the private sector mushroom quickly because of the sector’s ability to quickly respond to the strong demand for post-secondary education (Nicolescu 2005; Reisz, 2005). During the 1990s (after the abolition of communist education laws
in the 1990), the Romanian private higher education sector established 83 institutes and retained 30 per cent of total enrolments. Central to the Romanian private higher education sector’s rapid growth was the fact that the dissolution of the earlier education laws left a “legislative vacuum” (Nicolescu 2005, p.199). This meant that during the initial period of expansion there was a lack of an effective accreditation process and providers and student numbers expanded quickly as there was little state intervention and regulation (Nicolescu, 2005; Reisz, 2005). In the early years of growth, private higher education was soon commonly viewed as an inferior alternative to the public higher education sector. Many private institutes were functioning with little resources, often using under qualified teaching stuff, thus creating a negative image of quality in private higher education (Nicolescu, 2005). Despite the strong demand for higher education in Romania, private providers were still considered second choices for many potential students who viewed the public higher education sector as a superior option (Nicolescu, 2005).

The issue is not restricted to higher education markets with a young private sector. In the Philippines, which has a large and mature private higher education sector, the consistency of quality is always questionable. While the Philippines has prestigious private higher education institutes, at the other end of the spectrum lies many other institutes that are considered “…sub-standard higher education institutes which do not produce much new learning, and instead focus on a repetition of subject matter and demand very little from students…There is little quality control, and the quality of the graduates range from zero competence in their specialization to a level of global competitiveness, depending on which higher education institute they came from” (Lee
In the US with the increase of enrolments due to the greater access to funding, it soon became evident that some for-profit providers exploited the access to financial aid in order to gain a bigger share of the federal funds. Additionally the growth of ‘diploma mills’, fraudulent schools that sold degrees to customers who were willing to pay a high sum of money, and long standing debate of whether education quality is even compatible with capitalism, saw the for-profit sector lose much of its social legitimacy.

An outstanding issue for for-profit higher education is profits versus quality. The newer and private institutes in the Chilean private higher education projected a reputation as providers of an inferior quality as compared to the public providers. Many private institutions also do not engage in conventional academic research, and tend to devote their energies to teaching and training. Some of the criticisms of private providers included “poorly qualified instructors, weak admissions and promotion standard, inadequate infrastructure, poor libraries, and programs concentrated in inexpensive fields” (Bernasconi 2003, p.238) Private providers, being market-sensitive in reality offered a poor level of diversity in courses often teaching courses with low capital start-up, such as business and economics (Fried & Aduhaba, 1991). Additionally the market responsive behaviour of the private sector also meant that the provision of courses by such institutes meant that only the most popular areas of study, such as humanities, business and management and courses with relatively low start-up capital. A common problem across the region also meant an excess of graduates in certain disciplines, and a surge of graduates also resulted in rising unemployment.
Policy decisions on the regulation of private higher education have some predictable patterns of effects. In countries with significant private higher markets such as Indonesia, where the private sector holds 62 per cent of total enrolments (Lee, 2007), concerns and debate over the ambiguous legal status of many private owned institutes dominate (Welch, 2007). Similarly Malaysia also faces debates on the legal status of institutes, although the majority of procedures and levels of classifications of institutes are clear cut (colleges, university colleges, universities), debates and discussions on how an institute can formally upgrade their provider status (from a university college to a university for example) still dominates. Decisions on how to regulate the status of private providers ultimately impact on the ability of institutes to recruit students, the ability of regulatory bodies to monitor providers, and on the graduate market.

**Conclusion**

This chapter sets a definition of private higher education, and covers three key areas related to this research: access, internationalisation and quality assurances in the context global private higher education. Private higher education is firstly defined by the two distinct types of providers: the for-profits and the non-profits, the diversity of its ownership, and its unique accountabilities and level of autonomy. Finally, private higher education functions as a “demand absorbing” role. This is most evident in countries where private higher education has a strong presence and retains a large share of total enrolments.
Access to post-secondary education has been re-shaped by the trend of massification of higher education. The financial and resource stress of massification meant that governments had difficulties in addressing the demand so moved to liberalise the higher education sector. The introduction of a market environment allowed governments to seek new ways to supplement state allocations by means of establishing new providers, the privatisation of public institutions and opening up the private higher education sector. Legislation introduced to liberal the private higher education sector was done so to meet the growing demands, particularly in specialist fields. This has been evidence in newly industrialised and growing economies where higher education holds a high level of social capital. The rate of growth of the private higher education sector has been impressive in countries such as post-communist Romania, Chile and in the South East Asian region.

The way institutes can access sources of funding and the academic systems have also altered. Access to financial assistance to students, regardless of the institution they wish to study at, also meant that a greater number of the cohort could pursue post secondary education. The flexibility of funding, and the growing competition between providers meant that the higher education sector adapted different academic systems to include the inclusion of technical education and the opening of access to different ethnic groups and new cohorts of students. The widening of access has seen the diversification of institutions both in terms of the types of institutions and the student cohort. More distinctly, the widening of access has seen the rise of the for-profit institution, the most market sensitive type of provider, which has allowed it to mushroom globally.
Internationalisation plays an important role in higher education as higher education markets begin to seek an international and globalised experience to remain relevant and competitive. Policies on internationalisation focus on regulation, accreditation, funding, curriculum, teaching and learning and quality and can be found at national/sector/institutional levels. Strategies to internationalise include initiatives by institutions to globalise their curriculum and their branding. Often this includes the exchange of faculty staff, offering programs with an international flavour and the recruitment of international students. These strategies are often supported by organisational initiatives that allow an effective model of operation.

The final focus of global higher education is quality and how it impacts on the sector’s legitimacy. The exponential growth of the sector in many countries was supported by the lack of response of public institutions to growing demands, but also quite often the lack of strong governmental measures to manage the private higher education sector. As such, issues such as fraudulent and unethical practices, underqualified staff, weak admissions standards and infrastructure, “diploma mills”, and a concentration on low cost programs contributed to the private sector having its position as a legitimate alternative to public education. These problems are not restricted to countries with newly developed private higher education sectors. Countries with a long history of prestigious private higher education, such as the Philippines and the US, also faced the same issues of quality.

The following chapter of the thesis next examines the trends of private higher education in the Malaysian context. The chapter will provide a historical narrative on the
Malaysian higher education system. It explores the impact of influential national education policies and the evolution of the private higher education sector.
Chapter 4. Private Higher Education in Malaysia

This chapter looks at the history of higher education in Malaysia and the subsequent growth of the private higher education market in the country. A historical narrative of the New Economic Policy (NEP) is first presented. Specifically, within the policy cycle framework, this chapter examines what agenda was set, how the policies that were formulated for the higher education sector, what the decision making process was, how these policies were implemented, the domino effect it had and the how this led to the evaluation of higher education and the rise of the private higher education industry. The focus of the NEP was broadening access to education with an emphasis on widening access in higher education. Access to higher education had been an elitist pursuit and the NEP aimed to address this inequality. Consistent with historical trends in other higher education systems, the shift to a mass education system placed a growing financial burden on the state. As a response to this strain, the government began to shift its education policy towards a private sector focus.

The chapter then charts the growth of the private higher education sector in Malaysia. While the Malaysian higher education system has had a long history of growth and development, it is the private sector that has created the biggest impact in recent history. Legislation to govern the private higher education sector is introduced, to explore the one of the key mechanism to control and ensure the longevity of the higher education sector. The chapter then examines the characteristics of private higher education in Malaysia: diversity of institutions, ownership, and programs. While this chapter does present a narrative on the diversification of the sector, Tan (2002) has also argued that
another one of the definitive characteristics in the Malaysia private higher education market was that was isomorphic in its behaviour; commonly mimicking its competitors in services and products and also mimicking other higher education markets in Western countries. (Tan, 2002) This isomorphic behaviour is explored in further in the chapter when examining the diversity of programs and in later chapters of the thesis when presenting how Malaysian private providers have tackled the issues of access, internationalisation and quality assurance mechanisms.

**The New Economic Policy and Higher Education**

The NEP has become one of the benchmarks of political history in Malaysia. Following the riots in 1969 the Abdul Razak government introduced and began the implementation of the NEP, which would run from 1971-1990, an ambitious social reengineering plan with the primary aim of “eradicating poverty” and dissolving the association of labour with ethnicity. That is, the eradication of poverty, primarily within the Malay peasantry would result in narrowing the divisions of wealth in the country. During this period, poverty eradication amongst the Malays was considered a key aspect in agenda setting. Education, as part of the policy formulation, was crucial in achieving the aims of the NEP. The government envisaged education to be crucial in furthering, and this was clearly verbalised: “the full potential of the vast human resources of the country … to contribute significantly towards promoting national unity … play a vital role in increasing the productivity and income of all Malaysians” (Malaysia, 1971). During the NEP the government made the decision to step into the higher education sector by implementing interventionist measures that would inevitably have significant
consequences in the future. The government’s higher education policy under the NEP was aimed not only at improving the economy and accelerating economic progress, but was also about racial equality and socio-political progress for its majority population (Selvaratnam, 1987). For these aims to be achieved, the NEP set out specific quotas in all areas of economic activities, employment and higher education, and most importantly affirmative action in higher education stated that a specific percentage of places at the tertiary level must be set aside for Bumiputra students.

As part of its agenda to provide more educational opportunities for the Bumiputra population, the NEP implemented a range of measures. Firstly, the quota admissions policy in which admission into a public university was based first and foremost on ethnicity (with Bumiputra students given first priority admission over other students). The official line during the NEP era stated that 55 per cent of places at public universities be set aside for Bumiputra students. Thus public universities were under a legal obligation to set aside the majority of places for Bumiputra students, and to give these students priority admission over non-Bumiputra students. The Abdul Razak government (1970 to 1976) also began awarding scholarships and study loans to Bumiputra students to study locally and abroad (Lee, 1999). These controlled measures indicated a significant change in the way education and higher education became implemented; contrary to the colonial era where there was no centralised system for education there was now a highly centralised national education scheme throughout all levels of education allowing the government to maintain a strong presence and control in the education sector.
From an evaluative point of view, in increasing access to higher education and enrolment numbers, the NEP was successful because the policy did produce strong growth of Bumiputra students in higher education with growth figures that indicated a racial rebalancing effect on graduate numbers. The aim of the NEP was to encourage and enhance the quality of life for the majority Bumiputra population by opening up access to key areas central to social mobility and development. In terms of education and training, this meant allocating a large number of scholarships and student loans to Bumiputra students as well as allocating a set number of places in public tertiary institutions for students who fall under this ethnic group. The systematic and long-term implementation of affirmative action policies in the higher education sector created an upsurge in the number of students in public universities.

These key features of the NEP were carried on in the subsequent National Development Policy (NDP) between 1990-2000 and the National Vision Policy (NVP) from 2000 to the present.

**The Growth of Higher Education in Malaysia**

When the country began to industrialise its economy, the decline of primary sectors of agriculture and mining and the growth of manufacturing and services created a need for more specialised manpower. To support rapid industrialisation, the government aimed to produce a first class workforce, and do placed greater expectations on education and training (Malaysia, 2001). The growing economy, combined with a growing middle class also contributed to the growing demand for higher education. With the crux of the
NEP policies still in place, this also meant a continuing number of *Bumiputra* students were able to obtain a tertiary education and/or a scholarship. As the economy developed it became clear that public universities did not have the capacity to satisfy the demand for higher education, thus shifting the agenda for higher education.

Despite Malaysia’s policy strategies to expand the public higher education sector by creating more public universities, and increasing in spending on higher education, the public higher education sector still faced limitations on its capacity. Table 1 provides a snapshot of the percentage of admitted student into public universities vis-à-vis the number of applications over a ten-year period (1981/82-1991/92). This is a period just prior to the strongest growth in the private higher education sector.

**Table 2: Applicants and Intake into Public Universities (first degree only)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Applicants</th>
<th>Intake</th>
<th>Accepted (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981/82</td>
<td>16,698</td>
<td>5,847</td>
<td>35</td>
</tr>
<tr>
<td>1982/83</td>
<td>19,522</td>
<td>6,127</td>
<td>31.4</td>
</tr>
<tr>
<td>1983/84</td>
<td>28,858</td>
<td>6,890</td>
<td>23.9</td>
</tr>
<tr>
<td>1984/85</td>
<td>32,168</td>
<td>7,192</td>
<td>22.4</td>
</tr>
<tr>
<td>1985/86</td>
<td>32,209</td>
<td>8,213</td>
<td>25.5</td>
</tr>
<tr>
<td>1986/87</td>
<td>28,755</td>
<td>9,289</td>
<td>33.6</td>
</tr>
<tr>
<td>1988/1989</td>
<td>24,155</td>
<td>8,599</td>
<td>35.6</td>
</tr>
<tr>
<td>1989/1990</td>
<td>23,331</td>
<td>8,757</td>
<td>37.5</td>
</tr>
<tr>
<td>1991/1992</td>
<td>25,730</td>
<td>10,668</td>
<td>41.5</td>
</tr>
</tbody>
</table>
Even with an increase in the allocation of the federal budget towards education under the Seventh (1996), Eighth (2001) and Ninth (2006) Malaysia Plans, the Ministry of Higher Education still had budgetary and resource constraints in meeting the demand for education.

The difficulty in the public higher education sector to meet the demand for post-secondary training was also exacerbated by the slow expansion of public universities in Malaysia and the growing concern that the state could not continue to heavily subsidise higher education for Bumiputra students. The latter issue began to become a significant issue during and after the 1997 Asian financial crisis, particularly when government sponsored students were frequently sent over to Western countries such as the UK and the US for their tertiary studies. The combination of limiting overseas scholarship places and the ever-increasing strain on the public universities created an additional pressure. The 1997 crisis was a catalyst for liberalisation; however this was not the first time.

The global recession of the mid-1980s slowed down the growth of the Malaysian economy, and impacted on the ability of both the government and private citizens to fund a student’s study abroad. During the same period, overseas students faced an additional difficulty when universities in the UK and in Australia began to charge full fees to international students coming into their institutions (Lee, 1999). This led to the introduction of twinning programs and began the entry of private providers in the post-
secondary education market. The potential in the private higher education sector as a means of alleviating the strain on public higher education was first recognised in the 1980s and the government began to expand the sector by allowing more private companies establish training colleges as means of increasing access to vocational training. Additionally, they began to encourage local providers to set up twinning programs as a way to reduce the pressures brought on by a recession and the growing demand for post-secondary education (Lee, 1999).

One of the key responses was revise the government’s higher education policy and further liberalise the private higher education sector. Following the global trend of privatisation of education, and understanding that the private sector could compensate for the state’s shortage, Malaysia followed suit in the 1980s by liberalising legislation pertaining to education. The Sixth Malaysian Plan (1990) was the first five-year policy to assert the importance of the private higher education sector in helping to expand, train and hone Malaysia’s human resources development.

The introduction of twinning programs and the first expansion of private post-secondary providers encountered serious issues of quality (Lee, 1999). Because there was limited regulation, there were several cases of questionable institutions operating unchecked, with detrimental consequences to students and investors. This is a pattern that has also been prevalent in other countries where early expansion of private education raced ahead of adequate regulation. As a response to the ever-increasing problem of uneven quality and growth, the government introduced three key pieces of legislation to regulate the industry. This was to have an important impact on the private higher
education sector.

**Private Higher Education: Policy Formulations and Mechanisms**

Once the government redefined the agenda for the widening of higher education (moving from poverty eradication to up skilling the work force and the inclusion of private institutions), it restructured the implementation of its policy by establishing a legislative framework for private providers. This provided private players with clear guidelines on how to operate in the industry. It also lent to creating a greater sense of legitimacy for the sector, which is key to attracting potential students.

In 1996 the government passed three pieces of legislation that have had a significant impact on the industry. These include the National Council on Higher Education Act, the Private Higher Educational Institutions Act, and the National Accreditation Board Act (Lee, 1999; Tan, 2002; Lee, 2004). By creating and passing an established legal framework, the government allowed operators, comparatively independent from state intervention, to provide educational services to meet the growing demand in the higher education market.

The National Council on Higher Education Act (1996) was introduced as the government first key aim of a single governing body for the development of the country’s higher education sector. The key function of the Council is to “formulate and determine national policies and strategies to develop both public and private higher
education” (Lee 2004, p.27). Some of the key policies include the continual focus for institutions to offer more postgraduate studies, particularly in the science and technology fields, a continued and steady growth for vocational training and the emphasis on lifelong learning and skills development. Policy drivers include the government’s plan to become an exporter of education, innovation and the creation of an indigenous research and development sector, and human capital development.

The Private Higher Educational Institutions Act (1996) defines the government’s regulatory role over all private higher education institutions. Under this piece of legislation, the Ministry of education must grant approval before an institution can be set up, or when a new course or program is to be offered at any particular institution. The legislation also allowed private providers to confer degrees rather than just providing twinning programs or running franchised programs. Private universities and branch campuses of foreign universities could only be established through the invitation of the Minister. The University of Nottingham was the first foreign university that was invited to establish a branch campus in Malaysia when the Act finally permitted foreign universities to set up campuses in Malaysia. A further stipulation outlined in the Act is that courses must be conducted in Malay, however subject to further approval of the Ministry some courses may be taught in English or Arabic. Many foreign universities have been given significant concessions in being allowed to delivery their courses in English. In addition, all private higher education institutes must teach a standard set of compulsory subjects, Malaysian Studies, Islamic studies (for all Muslim students, regardless if they are local or international students), Bahasa Melayu (Malay language), and Moral Studies (for all non-Muslim students). In 2003, the act was amended to
provide a framework for the establishment and upgrades of private universities, university colleges and branch campuses (Sirat 2006).

The final act, the National Accreditation Board Act (1996), produced the guidelines for the establishment of National Accreditation Board, widely known by its Malay acronym LAN. The purpose of LAN is to monitor and control the standard and quality of all courses offered by all private higher education institutes. LAN has two primary functions. The first is to maintain the standard of quality, as determined by the Board, in all courses that are offered. The second function of LAN is the accreditation to all qualifications, such as diplomas and degrees, awarded by private higher education institutes. The National Accreditation Board Act focussed solely on private providers and the regulation of programs offered by public universities was under its own regulatory body, the Quality Assurance Division (QAD). While the legislation and the establishment of LAN provided the framework to regulate the sector, this too was not without its problems. During its time LAN was considered problematic by private providers due to its highly rigid and formulaic processes and questions were raised on the transparency of the body (this is discussed in greater detail in Chapter 7). In 2005, the decision was made to consolidate this dual system by establishing the Malaysian Qualification Framework (MQF). The MQF serves as a unified system to regulate all higher education programs by developing and classifying, “qualifications based on a set of criteria that is agreed nationally … and which clarified the academic levels, learning outcomes and credit system based on student academic load. These criteria are accepted and used for all qualification awarded by higher education providers” (Malaysian Qualifications Agency, 2007). Reflecting the trend of internationalisation in higher
education, the MQF was benchmarked against other national qualifications frameworks worldwide such as the European Qualifications Framework and those of the United Kingdom and Australia. The MQF is administered by the Malaysian Qualification Agency (MQA), which was officially launched in 2007. Again, the amalgamation of the qualification bodies is discussed in detail in Chapter 7.

Additionally, the government also provided various tax incentives to encourage the growth of the private higher education sector. Tax incentives included tax exemption on import duties, sales taxes and excised duties on educational materials and tax deductions to corporations that make donations to public or government-linked institutions (Lee, 2004; Sivalingham, 2006).

These mechanisms were implemented in order to develop the private higher education sector in a more controlled manner, a natural response also present in other private higher education markets. Furthermore, the government’s strategy of the role of private higher education was to attract and train potential students in critical fields. Significant to this objective is to boost the number of postgraduate and research students in related fields. Because the private higher education sector has been responsible for absorbing the growing number of tertiary students, the push for increasing postgraduate students would also likely fall, to some degree, to the private providers. In terms of absolute numbers, the private sector’s involvement in training postgraduate students is still low when compared to the public higher education sector. The private higher education sector’s role was to continue to educate and train the tertiary age cohort, and to contribute to the national aim of a 40 per cent participation rate. This is discussed in
more detail in the discussions the growth of enrolments and student recruitment in 
Chapter 6.

Diversity of Institutions and Ownership

With the creation of a liberal regulatory framework for higher education in the mid-1990s, there was a rapid increase in student enrolments at a university level over the past fifteen years, most notably in the mid-1990s when the increase of local enrolments corresponded with the dip in the enrolment of Malaysian students in overseas institutions (Lee, 2004). The 1997 financial crisis saw the Ringgit depreciate resulting in a mass movement of students away from overseas study and back into local institutes. The rapid expansion of private education during this period was strong, from 156 providers in 1992 to over 650 providers in 2001 (Tan, 2004). The growth in the private higher education sector from 2002-2007 witnessed some fluctuations as some smaller private institutes unable to run successfully being absorbed by larger institutions (Tan, 2004).

Table 3: Number of private institutions 2002-2010

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Universities</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>12</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td>University Colleges</td>
<td>1</td>
<td>5</td>
<td>10</td>
<td>11</td>
<td>15</td>
<td>15</td>
<td>24</td>
</tr>
<tr>
<td>Foreign Branch Campuses</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Colleges</td>
<td>518</td>
<td>519</td>
<td>533</td>
<td>532</td>
<td>482</td>
<td>488</td>
<td>390</td>
</tr>
<tr>
<td>Total</td>
<td>534</td>
<td>539</td>
<td>559</td>
<td>559</td>
<td>515</td>
<td>525</td>
<td>440</td>
</tr>
</tbody>
</table>

One of the strong and consistent features of the private higher education sector since the late 1990s has been the private universities. Unheard of in 1995, with the introduction of the PHEI Act, private universities have consistently grown since 2002. Compare the most recent data available from Ministry of Higher Education, the overall number of private institutions has dropped, but following the ongoing pattern as reflected in Table 3, the decline are in the smaller non-university institutions, with the university and university colleges continuing to increase.

The Diversity of Ownership

Ownership of private higher education institutions varies in Malaysia, and a prominent feature of private higher education is the diversity of ownerships and programs of study available to students. Table 4 lists a range of institutions and the different types of ownership and mode of operations (i.e. for-profit, not for-profit). Some of these institutes are profit-orientated enterprises, which are run very much like a business, and other are non-profit enterprises. Profit-orientated enterprises are typically owned by:

1. Individual proprietors, which is a very rare occurrence given the high capital and cost of setting up and operating a private institute

2. Government-linked companies, such as Petronas and the Tenaga Nasional

3. Consortia of companies, such as University of Nottingham Malaysia which is owned by Boustead Holdings, YTL Corporation and University of Nottingham UK

4. Publicly listed companies, such as the Sunway Group which owns Sunway College University
(5) Private companies, such as HELP University College, which is owned by HELP Institute.

Conversely, foundations, philanthropic organisations, through community cooperation or a combination of such set up non-profit institutes. Two good examples of such institutes are UTAR and Wawasan Open University located in Penang, which is a product of collaboration between the political party Gerakan and the Yap Chor Ee philanthropic organisation. Institutions owned by government-linked companies also feature in the private higher education landscape. These are all universities that are able to offer their own courses and confer their own degrees. These institutions are *Universiti Tenaga Nasional*, owned by the National Electrical Company, *Universiti Teknologi Petronas* owned by the National Petroleum Company and Multimedia University (which has two campuses in Malaysia) and is owned by the Malaysian Telecommunications Company.
Table 4: Ownership of Selected Malaysian Private Higher Education Institutes

<table>
<thead>
<tr>
<th>Institution</th>
<th>Est.</th>
<th>Principle Owners</th>
<th>FP/NFP</th>
<th>Type of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curtin University</td>
<td>1999</td>
<td>Curtin (Malaysia) Sdn Bhd</td>
<td>Profit</td>
<td>Single/Private</td>
</tr>
<tr>
<td>HELP University College</td>
<td>1986</td>
<td>Help Institute</td>
<td>Profit</td>
<td>Parent/Private</td>
</tr>
<tr>
<td>Monash Malaysia</td>
<td>1998</td>
<td>Monash University Australia &amp; The Sunway Group</td>
<td>Profit</td>
<td>Subsidiary/Consortia</td>
</tr>
<tr>
<td>Limkokwing University of Creative Technology</td>
<td>1991</td>
<td>Limkokwing Intergrated Group</td>
<td>Profit</td>
<td>Subsidiary/Consortia</td>
</tr>
<tr>
<td>Sunway University College</td>
<td>1987</td>
<td>The Sunway Group</td>
<td>Profit</td>
<td>Subsidiary/Publicly Listed Co</td>
</tr>
<tr>
<td>University of Nottingham</td>
<td>2000</td>
<td>University of Nottingham, Boustead Holdings,YTL Corp.</td>
<td>Profit</td>
<td>Parent (Uni. Of Nottingham.) &amp; Sub./Publicly Listed Co.s</td>
</tr>
<tr>
<td>Universiti Tun Abdul Razak (UNITAR)</td>
<td>1997</td>
<td>KUB Malaysia Bhd</td>
<td>Profit</td>
<td>Subsidiary/Private Govt Corp.</td>
</tr>
<tr>
<td>Universiti Tungku Abdul Rahman (UTAR)</td>
<td>2001</td>
<td>MCA (Malaysian Chinese Association)</td>
<td>Non Profit</td>
<td>Single/Consotia/ Political Group</td>
</tr>
<tr>
<td>Disted - Stamford College</td>
<td>1950</td>
<td>Stamford College Berhad</td>
<td>Profit</td>
<td>Parent/Publicly Listed</td>
</tr>
<tr>
<td>KDU College</td>
<td>1983</td>
<td>Paramount Corporation Berhad Group</td>
<td>Profit</td>
<td>Subsidiary/ Publicly Listed</td>
</tr>
</tbody>
</table>

*Source from institution websites*
Institutional Diversity

Similarly, there are also institutions that have political linkages to various parties. One example is Open University of Malaysia with links to Parti Gerakan. Another example is one of the more recent private universities launched, and is the only university directly owned by the political party MCA is University Tungku Abdul Rahman (UTAR), an institute which ‘evolved’ from its college roots *Kolej Tungku Abdul Rahman* (TAR Kolej). An addition to the sector is Limkokwing University, which was previously a university college and the first institute to achieve an institutional upgrade from university college status to a full fledge university able to confer its own degrees. Interestingly, the politically-linked universities are mostly for-profit institutions, with the Open University of Malaysia being the only exception which operates as a non-profit institution.

Monash, Curtin, Swinburne and Nottingham universities have foreign branch campuses operating in Malaysia. In their home countries, these institutions operate as public universities. With the introduction of the Private Higher Educational Institutions Act came policy guidelines that permitted for foreign providers to open up campuses and these providers are considered private institutions in Malaysia. During the initial phase of allowing foreign branches in, the Malaysian Ministry of Higher Education has to first invite foreign universities to set up a Malaysian campus. This allowed for greater control of which particular institutes were allowed to operate on Malaysian soil and also allowed for greater governmental control of ownership. Another crucial legal requirement for transnational providers is that the campus must be under majority Malaysian ownership, meaning foreign universities must enter into joint-venture arrangements with local partners.
In the domestic tertiary sphere, players are predominately private for-profit institutions, which range from modest colleges to universities. Akin to private higher education markets found in other countries, for-profit providers include smaller institutes focussing on vocational training, to large-scale institutions that are able to confer their own degrees. Limkokwing University of Creative Technology serves as an example of locally developed institute that has become a strong local player in Malaysia. Privately owned by the Limkokwing group, the university started as a creative arts college and has now become a leading private post-secondary provider in Malaysia, specialising in art and design, as well as now extending its curriculum to include postgraduate studies, ICT and economics and commerce related courses. It is also one of the largest privately Malaysian-owned institutes boasting over 170 links to other foreign universities and has established nine branch campuses in Botswana, Cambodia, China, Lesotho, Malaysia and the United Kingdom. The importance of these strong linkages of domestic providers is explored in Chapter 6.

**Diversity of Programs in Private Higher Education Institutes**

Apart from the varying nature of ownership, private higher education institutes differ in their range of academic programs. Since Malaysia has established itself as a prominent manufacturer of electronic goods, alongside with developing technological hubs like Cyberjaya, and the push for a greater focus on science and technology, courses in science and technology, particularly related to ICT, and business have been particularly popular for

16 [http://www.limkokwing.net/](http://www.limkokwing.net/) <last accessed 14 October 2010>
providers (Tan, 2002). Malaysian for-profit institutes are market sensitive and respond to consumer demands. Many of the larger, wealthier and well-established providers offer a more diverse range of courses in various fields and levels of studies, such as pre-university pathway programs (such as Foundation Studies, South Australian Matriculation and A levels), or post-graduate studies. There are also other institutes that specialise in specific areas of study such as medicine, art and design, hospitality, and Islamic studies, although their numbers are few in comparison. While this helpfully gives a well-rounded diversity to the industry’s offerings, the marketing strategy of these specialised institutes is to carve out a niche market rather than compete on an over-saturated turf with other providers.

The International Medical University also started out as a college and has become a local medical university. The International Islamic University of Malaysia has also risen significantly in its profile and is considered a leading university of Islamic studies. Enrolments into these universities have increased significantly in a relatively short period of time as labour demands for art and design, and medical graduates increases. Even the International Islamic University was responsive to market demands as it began to liberalise international student movements. This was a strategic move, particularly after September 11, 2001.

Smaller institutes (many of them being smaller private colleges) may offer the more in-demand courses to ensure financial survival, or having realised that they cannot compete alone with larger and more popular institutes have opted to merge with larger providers. And while there are a high number of smaller colleges documented, a pattern of smaller institutes being ‘swallowed up’ by larger providers gave cause of concern that there was the danger of a monopolistic manner to which curriculum would be delivered, and also that there would be a
lesser diversity of curriculum (Tan, 2002). However, the growth of private universities and the establishment of a new branch campus have provided new educational opportunities indicate that lack of diversity may not be an issue. Additionally Malaysia has built a well-known reputation in the region as a provider of quality higher education and is able to attract students from different markets because of the diversity of the private higher education sector (Lee, 2004).

Like other private enterprises in the market economy, the success of a private higher education provider depends greatly on how it delivers its programs as so to provide the best education worth their fees. Private higher education institutes generally offer a varied selection of how their programs are delivered to their paying customers. The two most popular modes of delivery are self-awarding and transnational education programs. Self-awarding programs are based on internal programs where curriculum and/or examinations set by the institute that is providing the course of study. Only institutes that are given degree-conferring status by the Ministry of Education may provide this mode of study, with private colleges not permitted to confer degrees (Lee, 2004). Limkokwing, International Medical University and UNITAR are examples of institutes that act as self-awarding institutes. Transnational education programs feature predominately on the Malaysian private higher education scene. Since many private colleges are not permitted to confer degrees, many of them then forge links to foreign and local universities to offer a more diverse and appealing programs. Delivery of transnational programs can be sectioned into four different categories: twinning programs, credit transfers, franchised program and distance learning programs.

Twinning programs are split degree programs where students commence and complete parts of or the entirety of their degree at a local institution. Should a student choose to study part of
their degree abroad, they then are able to travel to the home location of the provider to complete their degrees, these usually being foreign universities in countries such as Australia, New Zealand, USA and Canada. Upon completion of their course students are then conferred a foreign degree. Twinning programs are the most popular choices for students as they are able to get a coveted foreign degree at a local price (Lee, 2004; Tan, 2002). Twinning programs also offer the greatest range of courses and degrees to choose from with virtually all private institutes offered twinning programs.

Credit transfer programs allow for the conferring of a degree by the accumulation of credits in course subjects. Students can accumulate course credits locally and then uses their credits to transfer into a foreign-linked university to complete a degree. Similar to a twinning arrangement it differs since a student studies in a local private college and then applies for either entry or advanced standings into a foreign university. This is another popular choice as students may spend a year studying in a chosen field but still have a greater of flexibility and selection of universities, as opposed to a twinning program where students have to stay with their selected provider from first year.

Both foreign and Malaysian universities franchise their programs to local colleges for a fee. The student is registered under the university-franchisee but is enrolled and attends classes in the smaller college, which then serves as a franchised outlet for the larger universities’ degrees. HELP Institute for example offers law and business degrees that are franchised from the University of London, and Disted-Stamford College offers undergraduate science degrees from Universiti Sains Malaysia (USM), which is based in Penang.

Distance learning programs use a diverse range of media, most commonly print and electronic
media (email and the Internet) to deliver their course modules. Similar to the franchised program, students are registered with the university and then enrolled in the institute where the classes are. Distance learning is an extremely appealing method of delivery for working professionals doing post graduate course work, as well as those who have limited access to facilities (such as those in remote or rural areas of Sabah and Sarawak). UNITAR, for example, provides all its postgraduate and most popular courses online, a move which saw its student population jump from 162 students to close to 8000 students in a span of five years.

Conclusion

The growth of the private higher education market in Malaysia can be attributed to specific factors. One important influence stemmed from historical political decisions such as the introduction of the NEP (and its predecessors), which eventually resulted in a strong growth in tertiary cohort numbers, a growth that was not matched with by the growth of the public higher education sector. More recent factors such as the consistent restrictions in budgetary constraints, the stresses of heavily subsiding higher education for Bumiputra students, and the impact of financial recessions gave a greater significance for the government to shift the focus to private providers. The birth of twinning programs was the first mechanism that the government introduced as a means of easing the pressure on the state. Gradually additional legislation aimed at improving regulation of the private providers and liberalising the private higher education sector began to emerge. In 1996, the introduction of the Private Higher Education Institutions Act was the first piece of legislation that permitted the establishment of fully-fledged foreign branch campuses.
It was during this period that the growth of the private higher education sector witnessed its strongest growth. The surge in domestic enrolments corresponded with the dip in enrolments of Malaysian students in overseas institutions. A great diversity of institutions providers appeared, ranging from vocational training centres, right up to universities, which can be distant learning providers or those with sprawling campuses. The sector also has a diversity of for-profits, non-profits, and institutions linked to political parties as well as a diversity of ownership. A greater range of courses available to students who choose to attend a private higher education institution arguably contributed to the growing trend of students who had chosen to pursue their tertiary education locally. Delivery of higher education also diversified with the choice of self-awarding or transnational education programs, such as twinning programs, credit transfers, franchised programs and distant education programs. The larger variation in delivery has contributed to many smaller institutions being able to offer a greater scope of qualifications available to students.

The following chapter examines the widening of access in Malaysia, another central policy agenda, by examining the growth in enrolment numbers and how the private higher education sector has contributed to this significant expansion.
Chapter 5. Widening Access to Higher Education in Malaysia

As seen in the previous chapter, the growth of the private higher education can be attributed to the government’s agenda setting and policy formulations of liberalising the post-secondary education as a means to addressing strong demand. While there were private providers in existence in the 1980s, no formal policy was in place until much later. Furthermore, another issue with the higher education sector was the pro-ethnic policies practised in the public higher education sector leaving many non-Bumiputras deprived of educational opportunities or needing to pursue their higher education overseas, often at high personal costs.

Another central agenda and policy goal in the NEP and subsequent Malaysian Plan was human capital development. The expansion of tertiary education was seen as playing a key mechanism in expanding human capital. The Sixth Malaysia Plan (1990) exemplifies the endorsement of education as a tool for human capital development when it stated:

Human resource development will be a major thrust in the Sixth Malaysia Plan as the achievement of socio-economic objectives depends on the availability of an educated, skilled and trainable labour force. Towards this end, education and training programmes will be further expanded and improved, not only to equip individuals with the appropriate knowledge and skills (…). In addition, such programmes will help develop a technically competent labour force that will enhance the competitiveness of the Malaysian economy (Malaysia, 1990).
The Vision 2020 plan, a key decision making act that was introduced during the Sixth Malaysian Plan was also instrumental in introducing a new dimension to the role of private higher education. Introduced in 1991 by then Prime Minister Mahathir Mohamad, the end goal for Vision 2020 is for Malaysia to become a developed economy by 2020. This includes moving towards a knowledge economy with highly skilled workers with a focus on ICT industries and other critical sectors such as medicine, agriculture and manufacturing. Moreover, it appeared to explicitly acknowledge the private higher education sector’s role in the country’s long-term capacity building. The Seventh (1996), Eighth (2001) and Ninth (2006) Malaysian plans were consistent in their linking of the employment and the education sector.

The Ninth Malaysia Plan (2006) made a significant shift in its formulation and decision-making approaches from previous policies, giving significant attention to education, vocational training, and youth participation in post-secondary education. In this Plan, the government established target student participation rates to be achieved by 2010, and a continued increase in the number of academic staff with PhD qualifications. This is the first time that a specific target participation rate has been announced in relation to the higher education sector. To further bolster student enrolments government policies were explicit in pushing for an increase in student numbers at higher education institutes, most notably attempting to encourage more science and technology students and attempting to increase post-graduate and international students in Malaysia.

Other government publications have also emphasised on the importance of access to higher
education. The Third Outline Perspective Plan (2001-2010) identified education and training as one of the eight sources of new growth for the Malaysian economy. The National Education Strategic Plan (2007) outlined its decision making outcomes by identifying seven strategic thrusts to further develop the national higher education sector. The first thrust identified was the widening of access and enhancing equity. Other thrusts that were identified are improving the quality of teaching and learning, enhancing research and innovation, strengthening institutions of higher education, intensifying internationalisation, enculturation of lifelong learning, and reinforcing the Higher Education Ministry’s Delivery System. In order to achieve this, several initiatives were implemented in which the private higher education sector played an important role. With the widening of access, the Strategic Plan acknowledged the considerable role that the private higher education sector played, and continues to play, in providing access to tertiary education.

The purpose of expanding the private sector lay in increasing the capacity to meet the growing demand for higher education, in tandem with other policy implementation strategies. Existing public institutions began to open smaller branches, and the government began to establish a variety of institutions such as community colleges and university colleges. In addition to the expansion of physical resources, the government also continued with its provision of financial support via scholarships, loans and the education savings scheme.
Defining Access

The meaning of access itself is subject to many variations since the concept can be understood in different historical, socio-economic, or socio-spatial contexts (Knight (ed), 2009; Singleton, 2010). However it can be understood that access to higher education, as reflected in contemporary literature, refers to equity or the equality of opportunity (Clancy & Goastellec, 2007), a fundamental agenda and key area of policy formulation for the Malaysian government. Access to higher education based on merit is now understood in a more inclusive context and will often factor in a diverse range of aspects. The task of expanding access in Malaysia involves seeking to include students who do not meet the academic requirements for entry into a public tertiary institute, students from under-represented socio-economic backgrounds, ethnic minorities, women, working students, people with disability and other groups of individuals who are denied or unable to access higher education.

Access can be measured from a broad range of data on participation in higher education (Singleton, 2010). This study examines how well the implementations of government policies have fared with the private providers’ contribution to overall participation in higher education institutions, the variety of programs offered and government support in the form of loans, scholarships, and funding in research activities. This is constrained by data limitations, as there is no available data on the socio-economic backgrounds of the country’s tertiary cohort (from both the public and private higher education sectors). All information was sourced from official government publications.
Closing the gaps: Funding and Expansion

Access to higher education, is dependent on the availability of resources required to fund the activity (Singleton, 2010). In public institutions, nearly all resources are provided by the state, while in private institutions students’ families provide nearly all resources. Examining the widening of access in Malaysian higher education, these two sectors have expanded in very different ways.

Firstly, the capacity of existing public tertiary institutions was expanded and regional growth of private institutions was encouraged. In addition to expanding capacity for ongoing institutions, during the Eighth (2001) and Ninth (2006) Malaysia Plans, the establishments of new institutions across the tertiary landscape was strongly encouraged (in particular from private providers). The most notable introductions into the higher education sector were the establishments of university colleges and community colleges (Lee 2004). Additionally, the courting of foreign providers and the better regulation of the private sector meant that growth in the private higher education industry grew in leaps and bounds. The growth was also spurred by the government’s explicit desire to expand the number of science and technology students in tertiary education, in particular in post-graduate studies.

It is not surprising then to see that over a period of fifteen years, some of the largest private corporations, such as Petronas (the government linked petroleum corporation), Tenaga Nasional (National Electricity Company), and Telekom Malaysia (the national
telecommunications company) have established universities offering predominately science and technology degrees. It has resulted in an extraordinary growth in the private higher education industry and the sector’s contribution to producing university-trained graduates. The plurality of players and the increase diversification of training and education have contributed to the growth of student numbers. Student numbers are important to government policies, and a further discussion on the significance of enrolment and graduate numbers is discussed in the following section.

In order to facilitate greater access to higher education, the Malaysian government continue its policy implementation to provide financial support to students. In tandem with scholarships awarded by government departments, loans were also distributed to 678,467 students over the period of the Eighth Malaysian Plan (2001). These loans are administered by the Perbadanan Tabung Pendidikan Tinggi Negara (PTPTN or National Higher Education Fund Corporation). Established in 1997 under the National Higher Education Board Act, the PTPTN was established with a long-term goal to become an independent financial institution, specifically awarding education loans to students who do not have the financial resources to pursue tertiary studies. At the end of 2000, the total amount available under the PTPTN was increased by RM1 billion to RM2.3 billion and “with the additional fund, financial assistance was extended to students in private institutions of higher learning. A total of 29,000 students in private institutions benefited from the Fund in 2000” (Eighth Malaysian Plan, 2001 p.103). By the end of 2005, there was another increase in loans distributed, rising to a total of RM7.9 billion, which was disbursed to 678,467 students. These loan schemes are open to all Malaysians and are not restricted to funding only in public universities. These loans are awarded to students who want to pursue tertiary education in institutions recognised in all the
major education Acts such as the University and University Colleges Act (1971), Institut Teknologi Mara Act (1976), and the Private Higher Education Institutions Act (1996) and the Education Act 1996. (Sivalingnam, 2006)

The other key function of the PTPTN is to also manage higher education funds for potential students with its higher education savings scheme called the Education Saving Scheme. The saving scheme is aimed to encourage children to start saving, as early as the beginning of primary school, towards financing their higher education. The government has contributed RM100 million to help encourage parents to save for their children’s education (Eighth Malaysian Plan, 2001).

**Strength in numbers: Growth in the early 2000s**

Participation in higher education in Malaysia has always been considered fundamental to the development of the country. A look at the growth in participation rate in higher education shows a specific pattern. In 1970, the participation rate for tertiary cohort was 0.6 per cent. 20 years later, in 1990, the figure was 2.9 per cent. By 2000, this figure grew to 8.1 per cent. It is from 2000 onwards where the spike in enrolments began, and this has been attributed in part to the liberalisation of the private higher education sector. The Ninth Malaysian Plan (2006) set a target of achieving a 40 per cent rate for the age 18-24 cohort to receive higher education. The expansion of resources and campuses was mirrored by a strong growth in enrolment numbers from 2000 to 2005. According to data available from the Ministry of
Higher Education enrolment levels across public and private institutions have increased from 574,421 in 2000 to 731,698 in 2005. Figures as displayed on Table 5 show the patterns of dominance between the private sector and the public institutions.

In 2000 the private sector’s share of student numbers at a certificate and diploma level, capturing over 50 per cent of enrolments. At the postgraduate levels, it is the public sector that dominates student numbers, particularly in postgraduate research (MoHE, 2007). Most notable is the 25 per cent of students enrolled at private institutions at an undergraduate level. This is a strong number of absorption of the demand of tertiary education, and particularly when considering that the cost of studying at a private higher education institute in Malaysia is much higher than studying at a public university. While the cost of studying in a locally based private institute is significantly cheaper than studying overseas (factoring exchange rates, cost of living, etc), the differences can be staggering and highlights the elitist nature of private higher education. The annual tuition fee at a public university usually costs RM 1,400 and at a private university this fee band commonly ranges from RM 7,500 to RM 13,300 (with the highest fee quote at RM 135,000) per annum (Sivalingam, 2006)
Table 5: Enrolment Numbers 2000-2005

<table>
<thead>
<tr>
<th>Level of Study</th>
<th>Enrolments in Tertiary education institutions</th>
<th>Average Growth Rates (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public</td>
<td>Private</td>
</tr>
<tr>
<td>Certificate</td>
<td>23,816</td>
<td>81,754</td>
</tr>
<tr>
<td>Diploma</td>
<td>91,398</td>
<td>117,056</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>170,794</td>
<td>59,932</td>
</tr>
<tr>
<td>Masters</td>
<td>24,007</td>
<td>2,174</td>
</tr>
<tr>
<td>PhD</td>
<td>3,359</td>
<td>131</td>
</tr>
<tr>
<td>Total</td>
<td>313,374</td>
<td>261,047</td>
</tr>
</tbody>
</table>

Source: MoHE 2007

While the public institutions still dominated enrolment numbers by the mid-2000s, the increased absorption of tertiary students in the private sector has been important. Graduate output numbers from the post-secondary sector have increased from 130,161 in 2000 to 252,730 in 2005. Estimates by private industry players attribute of at least 50 per cent of all university graduates coming from private higher education providers, while the Ninth Malaysia Plan (2006) places the number of graduates from private higher education institutes at 58.5 per cent (p.244).

**Strength in numbers: Growth in the mid to late 2000s**

The Malaysian government’s focus on the increase in the number of enrolments has been
driven by the country’s target of achieving a 40 per cent participation rate in tertiary education by 2010. Malaysia has made great stride in widening access in higher education. From 1985 to 2008, the country saw an unparalleled increase across all levels of education with the strongest growth in the tertiary sector. At a primary education level, enrolments increased by 30.5 per cent. At the secondary education level, the increase was 45.8 per cent. At the tertiary level, the rate of increase was an unprecedented 93.1 per cent (OECD, 2011). As discussed in the previous section, much of the growth took place with the liberalisation of the private higher education sector. Table 6 shows the percentage of the tertiary going cohort that was enrolled in institutions. It can be seen that the biggest leap in enrolments occurred between 2000 and 2005, with the period of 2005 to 2008 also showing strong growths.

**Table 6: Participation rate in tertiary education 1970-2008**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Enrolment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>1,420,687</td>
<td>8,633</td>
<td>0.6</td>
</tr>
<tr>
<td>1980</td>
<td>1,624,274</td>
<td>26,410</td>
<td>1.6</td>
</tr>
<tr>
<td>1990</td>
<td>2,028,100</td>
<td>56,286</td>
<td>2.9</td>
</tr>
<tr>
<td>2000</td>
<td>2,26,900</td>
<td>211,484</td>
<td>8.1</td>
</tr>
<tr>
<td>2007</td>
<td>3,474,200</td>
<td>847,485</td>
<td>24.4</td>
</tr>
</tbody>
</table>

Source: OECD 2011

Based on the patterns of growth in tertiary education, the forecasted projection of student
numbers in 2010 was projected to reach 1,326,340 students across the tertiary sector (Ninth Malaysia Plan, 2006).

The projected growth of enrolment numbers was also a reflection on the government’s anticipated expansion in employment and in specific levels and areas of studies. The forecasted growth shows that the majority of enrolments will continue to be diploma and undergraduate students. This mirrors the government’s projected increase of employment in the vocational and professional sector. Recent data released by the Ministry of Higher Education indicates that this figure has been surpassed to 1,524,669 students (enrolments and new entrants) (Data Makro Pengajian Tinggi, MOHE 2011). Table 7 shows the growth in the number of enrolments in the Malaysian higher education sector

| Year | Public HE institutes | Private HE institutes | Others  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>629,939</td>
<td>702,113</td>
<td>192,617</td>
</tr>
<tr>
<td>2009</td>
<td>590,890</td>
<td>653,054</td>
<td>188,118</td>
</tr>
</tbody>
</table>

Source: MoHE 2011

As Table 7 shows, private providers hold a significant share of the enrolment numbers, capturing nearly 50 per cent of total enrolments and gives justification to the private higher education sector’s importance widening access to higher education in the country.

17 Includes community colleges and polytechnics. These are considered public institutes but do not award any qualifications higher than an Advanced Diploma
Higher education circa 2010: Demography of Malaysia’s tertiary students

From the NEP to 2010, access to higher education in Malaysia has gone through many incarnations. With the NEP, the idea of access to higher education was to increase opportunities for the Bumiputra population by opening up financial support and changing the admissions criteria for public higher education institutions. By the 1990s, access to higher education was defined as a way to meet growing demands and restrict the flow of student moving overseas. By the 2000s onwards, access was viewed as means of moving towards a higher rate of overall participation.

Ethnicity

A historical snapshot of access from the NEP onwards shows that with the introduction of compulsory quotas and the establishment of post-secondary institutions for Malay students (MARA), the number of Bumiputra students grew rapidly in public institutions. Already holding strong numbers in the 1970s (thus indicating that Bumiputra students were already making headway in accessing to higher education), the implementation of ethnic quotas meant that Bumiputra students soon made up the large majority of the student population at public universities. Table 8 shows the change in the demographics of the student population in public higher education institutes from 1970 to 1985. There is no data on the ethnic make-up of students in private higher education institutions of the same period for two reasons. Firstly, while private providers were in existence, they were not higher education institutions. Secondly, there is no data kept for this period by independent bodies. However, there is evidence that the majority of students moving overseas to pursue their tertiary studies in the
1980s were predominately Chinese students (Singh, 1989), a reflection of the consequences of the quota system. The lack of diversity in the student population in Malaysian public institutions has been an ongoing social issue since the implementation of the NEP.

Table 8: Student population in public institutions 1970-1985 (in percentage)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bumiputra</th>
<th>Chinese</th>
<th>Indians</th>
<th>Other 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>40.2</td>
<td>18.9</td>
<td>7.3</td>
<td>3.6</td>
</tr>
<tr>
<td>1980</td>
<td>62</td>
<td>31.2</td>
<td>5.7</td>
<td>1.1</td>
</tr>
<tr>
<td>1985</td>
<td>63</td>
<td>29.7</td>
<td>6.5</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Source: Singh 1989

When private higher education providers began to appear en masse from the mid-1990s, a similar pattern of the student population emerged. While Bumiputra students still made up the majority of students in public institutions, the reverse has occurred in private higher education. Consistent data on the student population make up in private higher education is difficult to obtain for a number of reasons. It can be argued that the discussion of the ethnic background of the student body in the private higher education sector could be controversial given the highly contentious nature of discussions surrounding the student body in public higher education. Secondly, although they are requested to keep record on the make-up of their student cohorts (i.e. the demographics of their international students, how many international and local students), not all private providers record this specific data (i.e. the ethnic make-up of their domestic cohort). This is a choice of institutions, as mentioned by two of the study’s participants. Moreover, there is little data from the Ministries about the student make up in private institutions. While the estimated figure ranges from 79.5 per cent (Malaysia, 2001) to 91 per cent (Lee, 2004) there is strong anecdotal evidence that suggests

18 A classification by the government to include all races that are not part of the three main ethnic groups e.g. people of Sri Lankan or Portuguese descent.
that the local student population in private higher education institutions are predominately made up of Chinese students. A stroll across some of the lunch halls in the larger private universities and university colleges will attest to that.

Notwithstanding the debate on the makeup of the student body in public and private institutions, the strong growth in the number of domestic students in Malaysia is indicative of the greater opportunities for the tertiary aged cohort to access higher education in Malaysia. This strong growth was mirrored by the liberalisation of the private higher education sector and the places that private providers provided to domestic students.

**Gender**

While access to higher education has benefited ethnic groups, women have also made great strides in gaining entry into higher education. The percentage of women with higher education has increased over time. In 1980 women comprised 31.7 per cent of persons with higher education. This increased to 40.6 per cent in 1991 and further increased to 47.5 per cent in 2000 (Mukherjee, 2010). 2010 figures obtained from the Ministry of Higher Education indicate that women are now the majority in the student cohort at both public and private institutions. In terms of total number of new entrants, women make up 61.0 per cent of new entrants into public universities and 60.1 per cent of new entrants in private higher education. Once other numbers from other colleges, community colleges and polytechnics are included, the overall participation rate for women is 54.8 per cent.
The change in topography: new providers and new cohorts

The diversity of post-secondary education services to include distance education, e-learning and virtual universities is also essential to attracting different student cohorts. It is in this domain that private higher education sector has led the changes. UNITAR was the first virtual university to be established in 1997. Other private and public institutions followed suit. The government linked Multimedia University (MMU) was established in 1999. Another private institution, and one of the few not-for-profit institutions, Wawasan Open University was established in 2005 for adult students. Another open university, Open University Malaysia was set up in 2000 to coordinate a number of distance learning programs for the public universities in Malaysia. Other institutions have also introduced distance education and e-learning, however these serve more as a complimentary role rather than playing a central role in the delivery of programs. Overall, there has been limited success in Malaysia, due to a number of factors, including the limited access of broadband Internet in Malaysia, the quality of Internet connections and the preference for face-to-face interaction between students and lecturers (Tham, 2010).

The Limitation of Access: Research and Postgraduate studies in Private Institutes

While access to higher education and first degrees are crucial the government has continued to focus on post-graduate education and studies in the science and technology fields. The push for greater postgraduate numbers is one of the key policy thrusts of capacity building by
developing innovation and a strong indigenous research and development sector. In tandem with the push for greater research and development activities, several research institutes were established during the Eighth Malaysia Plan period (2001-2005) and the continued access to the IRPA (Intensification of Research in Priority Areas) program. The IRPA program funds and facilitates research and development in areas that are considered of a high national priority. Under the IRPA program, there are nine sectors: Agro-industry, Mineral & Energy Resources, Manufacturing, Services, Environmental, Health, Social, Economic and Sciences. Under the Eighth Malaysian Plan (2001), a total of 92 PhD students and 338 Master degree students were awarded funding under the IRPA program.

The government has incrementally increased the research funding accessible to academics of both public and private universities, with a strong focus on biotechnology and other sciences. Private institutes traditionally have little external funding and any growth of a funding body and perhaps financial support for institutes is encouraged by the sector. The biggest problem faced with the funding, from the perspective of the private higher education sector, is the uneven distribution and limited options for higher education institutes. So far IRPA is the main national body that awards funding to all higher education institutes and there have been reported difficulties for private institutes attempting to gain access to most of the funding.

Access to research funding was a key point during the interviews. There was consensus amongst nearly all the participants involved in this study was that funding for private higher education institutes is almost non-existent, with a perception that public institutes (especially the designated research universities) are given priority. The majority of private institutes, especially staff members in foreign branch campuses, find it difficult to benefit from receiving government research funds. A 2007 World Bank report on the development of the
Malaysian knowledge economy also observed that a “…disjointed research and innovation system, with insufficient research funding and weak university-industry linkages…” (p.25).

As discussed earlier in the chapter, one of the key policy aims for higher education to the continued focus on the growth of students in the field of science and technology, with the ongoing importance of postgraduate study and research. One of the continuing challenges for the government, particularly for the National Council is to create incentives and develop policies on how private institutes can expand on crucial areas of study. Capital outlay for private higher education is expensive (Lee, 2004). At an undergraduate level, the majority of qualifications fall under the ‘soft courses’ category, such as business, creative arts, hospitality and computer studies. The majority of private institutes are profit-driven and respond to financial incentives and market demands. Soft courses such as those mentioned above require lesser capital outlay and are more cost effective to run, as they do not require a high volume of costly technology. The ability to justify the course offerings of most private institutes lies in the market demand. Demand remains strong for courses such as accounting and other qualifications for the service industry. There also continues to be a strong demand in vocational skills (as evident in the Ministry of Manpower and the Ministry of Human Resources forecasted growths on semi-professional trades), which remains dominated by the private tertiary sector.

Establishing postgraduate courses, particularly in the science field with its demand for up to date technology and labs, and other costly services would mean greater financial commitments for institutes. As postgraduate studies also means there tends to be a lower teacher to student ratio. Research degrees can be time-consuming, which and a lower output of graduate numbers might also suggest that the fiscal returns may not be as attractive.
Furthermore, trained staff who are able to supervise at a postgraduate level are also difficult to source, and is another exercise that requires time and effort which is a practice that is not necessarily compatible with a profit making enterprise. The issue of staff development is explored in a later chapter on quality regulation of private higher education. As such, in terms of profit generation, the establishment of postgraduate courses is a major financial challenge to private higher education institutions, inasmuch that postgraduate courses available in private institutes are quite marginal compared to the public institutes. Private institutions adopt more aggressive promotional strategies and try to maximise student output and income generation (Winter, Taylor & Sarros, 2000).

One of the key challenges is to find ways to increase the access to postgraduate education, and to establish solid incentives for private providers to follow suit. Most interviewed participants believed that improving the allocation of funding to a greater range of higher education institutions will stimulate the research sector. However, this seems to be only a part of the issue, as some have stressed that the country also needs to focus on recruiting and retaining graduates and skilled workers.

**Conclusion**

This chapter explores the contribution of the private sector in achieving the country’s goal of widening access to tertiary education as a means to reach the set enrolment and employment targets. As growth of the public higher education sector has been historically slow, the Malaysian government began to shift the focus of training and education towards the private
sector. The first step in widening access of tertiary education was the establishment of legal frameworks and bodies for private providers with the introduction of three significant acts: the National Council on Higher Education Act, the Private Higher Educational Institutions Act, and the National Accreditation Board. The introduction of these Acts, along with the establishment of the National Council and LAN, provided private players clearer framework on how to operate in the industry. It also lent to creating a greater sense of legitimacy for the sector, which is key to attracting potential students. Other tax and financial incentives also helped with the growth of the sector.

The dual expansion of existing public institutions and the rapid expansion of the private sector saw a strong level of increase in enrolment and graduate outputs in the early 2000s. Graduate outputs increased from 130,161 in 2000 to 252,730 in 2005 with 58.5 per cent of which came from private institutions. In terms of education and training, there appears to be a balance between the public and private sector. The private sector holds the majority of students in certificate and diploma levels while the public sector retains the majority of students at the undergraduate and postgraduate level. This strong growth continued into the late 2000s. Across all the sectors of education in the country, higher education made the biggest strides, with a 91 per cent growth from 1985 to 2008, dwarfing the growth made in the primary and secondary education sector. This growth was unprecedented and was mirrored by the rapid expansion of private providers. The latest figures by UNESCO indicate that by 2010 the country’s higher education system had 1,524,669 students.

Access has also re-shaped the demographics of the student body in higher education.
Previous research shows that the introduction of the NEP higher education policies from 1970 onwards saw the student population in the public higher education sector become disproportionately titled towards Bumiputra students. As the Bumiputra numbers grew in the 1980s and 1990s, the movement of non-Bumiputra students to overseas institutions also increased. By the 1990s, with the growing demand for higher education (and other stressors) the decision was made to liberalise private higher education sector. The impact of this decision has changed the domestic student landscape. The numbers have increased but representations in private universities seem to reflect a similar trend that appears in public institutions. While there is limited data on the matter, there is strong anecdotal date to suggest that the demography the student body in private higher education institutions is predominately Chinese. This has created a duality between public and private, one that is a contentious issue.

Another change in the student body is the growing participation rate of women in higher education. From 31.7 per cent in 1980, the participation rate of women has gradually increased. In 1991 the figure rose to 40.6 per cent and then to 47.5 per cent in 2000 (Mukherjee, 2010). In 2010, women have overtaken that figure and are now the majority in both public and private institutions. The overall participation rate for women in higher education is 54.79 per cent, and holding the lion’s share of enrolments at the undergraduate level.

One of the key higher education policy aims is the growth of students in the science and technology fields of study, and a continued growth in postgraduate numbers. Quite often, the
two pushes are inextricably linked as science and technology is considered to key to the
development of the country’s knowledge economy. Research and development, particularly
contributions from the higher education sector, is also identified as crucial to the development
of innovation. While the strongest growth in the higher education sector will continue to be at
a diploma and undergraduate levels (reflective of forecasted growth in employment), there is
expected to be a greater push for postgraduate courses.

Access to postgraduate studies in public institutions are projected to grow significantly, and
assuming that the private sector is expected to continue its role in demand absorption and
education and training, the key issue here is how to create access to research and postgraduate
studies in the private sector. While there continues to be research funding available to
universities to increase research output, via the IRPA program, accessibility of these funds are
problematic for academics in private institutions. There is a perception that there is a
preference to allocate IRPA funds to public universities and those that are deemed ‘research
universities’ (none of which are private institutions). Fiscal support for research in private
institutions remains scant.

Another issue is how to create incentives for private institutions to offer more postgraduate
courses. Already at an undergraduate level there is a lack of incentives for private providers to
expand beyond the ‘soft courses’ such as business, accountancy and hospitality. The lack of
expansion beyond soft courses lies in the fact that a high capital outlay is required. The
majority of private providers are also for-profit meaning their incentives are based on the
accrualment of profit. By offering soft courses that require less money to establish and provide
teaching is an attractive incentive for a for-profit entity. This is buoyed by the fact that the soft courses often offered at private institutions are also in demand qualifications. This means that the more technically difficult and costly courses are often left to the public institutions. It appears that the government has already acknowledged the limited role that the private higher education sector will play in the growth of postgraduate numbers, however given the importance of undergraduate and postgraduate education, there is a need to address whether private higher education does have the capacity to expand the postgraduate sector by a greater percentage.
Chapter 6. Private Providers and the Internationalisation of Malaysian Higher Education

Chapter three outlined trends in private higher education, and one of the dominant trends discussed is the internationalisation of higher education. Internationalisation in higher education can be described by some broad trends: “…mobility of people, programs, and institutions; the rising prominence of collaborative research; evolving curricula as well as approaches to teaching and learning; an increasing heightened sense of inter-connectedness of higher education enterprise across the globe; and the growing pervasiveness of the phenomenon of internationalization across institutions and broader systems of higher education” (Altbach, Reisberg & Rumbley, 2010 p.14).

In Malaysia, it is possible to identify key trends. The Malaysian Government in its Strategic Plan for Private Higher Education (from 2001 to 2010) and in the Eighth (2001) and Ninth (2006) Malaysia Plans, have consistently verbalised their higher education policy agendas and encouraged the development of a globally orientated, locally based academics in order to develop Malaysia as a centre for educational excellence, with a focus of using the English language as the medium of instruction. Moreover, the key high level stakeholders also recognised the importance in the growth of international students, a key area in the internationalisation of higher education. (Bennell & Pearce, 2003) The creation of the private higher education market, with the combination of providers and programs (such as the twinning or 3+0 programs) also provided the opportunity for the Malaysian government to promote its education services.
The role private higher education plays is pivotal. According to the Ministry of Higher Education (2007), the private higher education sector contributed RM1.3 billion annually to the national economy with the main contributions coming from international students (National Higher Education Strategic Plan, 2007). Another important factor has been the recruitment of students. Malaysia has traditionally been mainly a sending country because of the restricted access to higher education and the perceived social capital of a foreign degree.

**Student recruitment**

Malaysia has traditionally been a strong source country for the large English speaking destination countries: the UK, the USA and Australia (British Council, 2008). However, since the late 1990s, the number of Malaysian students pursuing their education in overseas institutions has fluctuated. In the last decade and a half, the country has seen a decrease in the number of students pursuing their education overseas due to several factors including a regional and global financial crisis, changes to student visa requirements in key English speaking destinations, and the consequences of September 11 (Sirat, 2009). In contrast, the figure for enrolments into private higher education has steadily increased: “the rapid expansion of the private HEIs in the country as well as their growth in student enrolment led to an increasing emphasis on the promotion of Malaysia as a centre of education excellent for foreign students” (Tham, 2010, p. 105).

In order to manage the outflow, the Malaysian government took the measure of liberalising

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19 Higher education institutes
the private higher education sector to expand access not just for domestic students, but for international students as well. The recruitment of international students is intended to build the country’s education sector as a viable export.

In the Eighth Malaysia Plan (2001), the policy agenda and decision making was clear:

… in line with the objectives of developing education as an export industry and promoting the growth of local tertiary education, efforts will be aggressively undertaken to promote local institutions through educational fairs, seminars and conferences. Incentives will be provided to educational institutions for the promotion of education overseas. The number of foreign students is expected to increase from about 20,000 to 25,000 by 2005 (p. 127).

It is now known that the government’s estimate had been far surpassed by the time the Ninth Malaysia Plan (2006) was released. The growth of student numbers, above and beyond expectations was a sign of a healthy and booming industry. The rise of international students can also be attributed to other external factors such as the economic conditions of sending countries vis-à-vis the relatively cheaper costs of education in Malaysia (McBurnie & Ziguras, 2001). Other pull factors included the development and implementation of a tighter quality assurance system.

In 2007 the government announced that it aimed to more than double the number of international students in Malaysian higher education institutes to 100,000 by the year 2010 (The Star April 23 2007). Varying estimates of the number of international students in Malaysia ranged from 40,000 to 50,000 (The Star April 23 2007, Participant 6, Participant 7)
but final figures released by the Ministry of Higher Education in 2008 place the figure at 47,925 at public and private higher education institutions (Ministry of Higher Education)\(^\text{20}\).

From an evaluative point of view, regardless of the estimates of students, a doubling of numbers within a three-year time frame was an ambitious task. This target was not met but as the chapter will demonstrate in more detail, there have been strong results in international student recruitment. Thus it can be seen that education has become a well-established industry in Malaysia, and the country has pushed to develop its higher education sector with a bigger share an international market, focussing on attracting students from within the East Asian and Middle Eastern market. These numbers demonstrate that Malaysia has in recent years emerged as a viable destination for international students from the Asian region.

Recent data from the Malaysian Ministry of Higher Education report that the number of international students in Malaysia in 2010 was 86,923 (MoHE, 2011). Traditionally the large majority of the international student cohort has come from neighbouring countries Indonesia and China, with China holding the lion’s share. However in line with a change in the political climate since 2001, the government’s focus on the Middle Eastern markets seems to have also been successful. While China and Indonesia remain in the top three strongest international student markets in Malaysia, making up 11.84% and 11.46% of the international student population respectively, Iran is now the largest source country for international students in Malaysia with a recorded 11,823 students in the country, or 13.7% of the total international student population (MoHE, 2011). In summary, when examining the makeup of the international student population in Malaysia, the Middle East is now a key region of focus.

Interestingly there is also a strong contingent of African students. Table 9 shows the top ten sending countries to Malaysia. These figures include number of students enrolled in public and private institutions.

Table 9: Top 10 sending countries to Malaysia 2010

<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Number of students</th>
<th>Total percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>11,823</td>
<td>13.7</td>
</tr>
<tr>
<td>China</td>
<td>10,214</td>
<td>11.84</td>
</tr>
<tr>
<td>Indonesia</td>
<td>9,889</td>
<td>11.46</td>
</tr>
<tr>
<td>Yemen</td>
<td>5,866</td>
<td>6.8</td>
</tr>
<tr>
<td>Nigeria</td>
<td>5,817</td>
<td>6.74</td>
</tr>
<tr>
<td>Libya</td>
<td>3,930</td>
<td>4.55</td>
</tr>
<tr>
<td>Sudan</td>
<td>2,837</td>
<td>3.29</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2,252</td>
<td>2.61</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>2,041</td>
<td>2.37</td>
</tr>
<tr>
<td>Botswana</td>
<td>1,911</td>
<td>2.21</td>
</tr>
</tbody>
</table>

*Source: MoHE 2011*

Out of the top ten sending countries, three countries are from the Middle Eastern region, four are from the African region, along with the traditional strong presence of regional members and a healthy number of students from the South Asian region. A closer analysis of the statistic reveals that Iraq (2.1%), Thailand (1.9%), Somalia (1.7%), South Korea (1.7%) and India (1.5%) are also key sources.
But the question remains: did the active international student recruitment drive succeed? In achieving its target goal of 100,000 students by 2010 the short answer is no. However, the growth in the number of international students has been positive and the most recent number of international students was 86,923. Despite the variations in the international student estimates, the growth of international student numbers over a three-year period has been very strong.

The private higher education sector has been instrumental in attracting a significant number of international students in key markets and offering places for enrolments. Table 10 shows the ratio of international students from public and private institutes for 2009 and 2010. Table 11 shows the share of international students from the top ten sending counties in private higher institutes.

### Table 10: International student number 2009 & 2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Public Institutes</th>
<th>Private Institutes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>22,456</td>
<td>58,294</td>
<td>80,750</td>
</tr>
<tr>
<td>2010</td>
<td>24,214</td>
<td>62,705</td>
<td>86,293</td>
</tr>
</tbody>
</table>

*Source: MoHE 2010*
Table 11: Students from top ten sending countries enrolled in private institutes in 2010

<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Total Number</th>
<th>In private institutes</th>
<th>Percentage in PHEIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>11,823</td>
<td>7,009</td>
<td>59.3</td>
</tr>
<tr>
<td>China</td>
<td>10,214</td>
<td>8,046</td>
<td>78.8</td>
</tr>
<tr>
<td>Indonesia</td>
<td>9,889</td>
<td>6,119</td>
<td>61.9</td>
</tr>
<tr>
<td>Yemen</td>
<td>5,866</td>
<td>3,552</td>
<td>60.6</td>
</tr>
<tr>
<td>Nigeria</td>
<td>5,817</td>
<td>5,080</td>
<td>87.3</td>
</tr>
<tr>
<td>Libya</td>
<td>3,930</td>
<td>2,805</td>
<td>71.4</td>
</tr>
<tr>
<td>Sudan</td>
<td>2,837</td>
<td>2,241</td>
<td>79.0</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2,252</td>
<td>1,584</td>
<td>70.3</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>2,041</td>
<td>1,503</td>
<td>73.6</td>
</tr>
<tr>
<td>Botswana</td>
<td>1,911</td>
<td>1,909</td>
<td>99.9</td>
</tr>
</tbody>
</table>

Source: MoHE 2010

There are many factors that contribute to the success of the private higher education sector. Crucial to the marketing of the private providers is the appeal of a unique education experience. That is, many institutions that offer franchised or twinning programs market the possibility for a student to gain an internationally recognised qualification; and international curricula; at a lesser cost, in a country where costs are comparable to home, as is the cultural climate. Certainly the multicultural nature of Malaysian society has been successful in attracting students from a number of regions.

It is also important to acknowledge that private providers are able to attract many more international students at an undergraduate level because public institutions cap their
international undergraduate student numbers at 5%. Importantly, the perceptions that degrees that were offered by public universities in Malaysia were not necessarily as reputable as many international graduates expect from their education (Jani, Zubairi et. al, 2010).

When we examine the distribution of international students between public and private providers, a pattern emerges. The private sector holds the majority share at an undergraduate and post-secondary level (i.e. diplomas, certificates and professional training) while the public sector dominates international student numbers at the postgraduate level. This reflects the pattern of private providers maintaining a strong focus on undergraduate and coursework programs, and the strong postgraduate and research tradition in the public sector. It is also important to note that unlike their undergraduate counterparts, there are no caps on the number of international students for postgraduate courses in public institutions. This exemplifies the complementary role that the private higher education plays in the country’s higher education objectives.

Another reason for the strong growth in international student numbers was that the Malaysian government had begun a more proactive approach to student recruitment with the establishment of educational promotion offices in key country markets in Beijing, Dubai, Ho Chi Minh City and Jakarta (Ninth Malaysia Plan 2006, p. 246). Aside from establishing offices in key markets, the Malaysian Ministry of Higher Education, in tandem with the Ministry of Foreign Affairs, have run education fairs in several countries, usually focussing on key sending regions. Private providers participate in these international education fairs, showcasing the diversity of institutions and programs available in Malaysia. The Malaysian government has also taken steps to develop inter-regional cooperation with memorandums of understanding (MoUs) and agreements between key student markets such as China,
Language policies in higher education

Another key contribution of the private providers is that English is the language of assessment and instruction. Allowing the private sector to use English as the medium of teaching and assessments meant that a greater diversity of students could be recruited into the Malaysian higher education market. This reflects a shift in government policy on national language and education. Crucially many private providers did not face the language restriction that was and is imposed on the public sector. The language requirements in public universities tended to isolate international students who were not familiar with the national language.

Previous nationalistic sentiment dictated that tertiary education curriculum offered by public universities was to be taught in the national language Bahasa Melayu (BM). Institutes of higher learning are viewed as being integral to nation building and national identity, which led to language becoming entwined with higher education policies (Sirat, 2009(b). Although popular in sentiment, the by-product of a tertiary education conducted primarily in BM was a large cohort of graduates who were unemployable outside the country because they lacked fluency in the English language. This paucity in language skills was highlighted with skilled graduates in science and technology fields. Despite receiving a qualification and skills training, many graduates faced limited prospects. This restricted the mobility of graduates in the international work place or those who wanted to pursue further studies or training overseas, particularly the pursuit of research training and qualifications. Moreover, there was also a high rate of unemployment within Malaysia, as graduates did not possess the necessary
literacy and skills required for a shifting economy (The News Straits Times, 2005). Despite opposition reminiscent of nationalistic anti-colonial sentiments, as a response to the shortcomings of previous graduates, during the mid-1990s the then Prime Minister of Malaysia re-introduce English as the language of instruction and assessment in science and technology courses.

During the era of the compulsory use of BM, private providers were exempted, as they did not traditionally form an integral part of nation building. However with the development and growth of private institutes, the same debate about language (and the use of quotas as discussed in chapter one and chapter four) also swirled around the sector. However, vigorous objections of NAPEI and MAPCU regarding quotas and the general acceptance of the use of English language meant that the issue subsided with relative ease. It is significant that when private providers were becoming dominant that debate surrounding the compulsory use of BM in education became a moot point.

**The international and local presence**

As previously discussed, the private higher education sector has played an integral role in attracting a significant number of international students, particularly at an undergraduate level. The higher education sector in Malaysia has been successful in building and recruiting student from target markets. Some private higher education providers have their own target markets. Participant four and five, both who are high level administrators for a large private institute with a focus IT education and training, focussed on attracting students from India and at the time of the interview were expanding into the South Asian region. Participant seven, a
commentator on education in Malaysia, also noted the important role that foreign branch campuses played in making Malaysia an attractive education destination.

Private higher education providers have also played a leading role in establishing a commercial presence both domestically and internationally. In a local context, commercial presence can be classified by the existence of foreign branch campuses, franchised programs, etc. In its policies to develop an international hub for education, the Malaysian government permitted the expansion of franchised programs and the establishment of foreign branch campuses to first boost the higher education sector. There are currently five foreign branch campuses present in Malaysia. The government aims to boost local institutions, eventually requiring these institutions to develop favourable local programs thereby phasing out the reliance on foreign franchised program thus developing a genuine local educational hub.

Another example of a commercial presence is the absorption of local providers by international companies. In 2008 Inti University-College, a well-established private institution in Malaysia, was acquired by Laureate Education Inc., an American based company specialising in education services and owns a number of for-profit institutes globally.

Malaysian private providers have also begun to expand their presence internationally. Some key examples include Limkokwing University of Creative Technology and Asia Pacific Institute of Information Technology (commonly referred to as APIIT and now known as Asia Pacific University College of Technology and Innovation-UCTI). Limkokwing University first expanded with the establishment of an academy in London. Limkokwing then began to aggressively expand its presence internationally with branch campuses in Southeast Asia (Indonesia and Cambodia) and in the African continent (Botswana, Lesotho and Swaziland)
within a relatively short time span. APIIT-UCTI is another local institution gone global. APIIT-UCTI began with a focus on IT education and training and has focussed its expansion on a specific region with the establishment of campuses in Sri Lanka, Pakistan and India.

**Key issues for private providers**

*Building a better relationship?*

Because of the role the private sector plays in the country's national education objectives, the Malaysian government has fostered close working relationships with several private institutes. All the participants in this study who held high-level roles at a corporate, administrative or management level in private institutes agreed on the importance of maintaining a close relationship with the Ministry, uniformly stating that each had their own person of contact in the Ministry. Limkokwing University for example has a well-established relationship with the government, which has lent moral support to the institution’s expansion into Botswana. Such close working relationships between key private higher education players and the Ministry of Education is relatively common in the sector.

Several interview participants in the study have continued to develop and harness such close working relationships with the Ministry of Higher Education, even comparatively smaller private niche institutes have a one-on-one relationships with members of the Ministry of Higher Education. Close working relationships between the Ministry and institutes are viewed as a beneficial both ways as institute leaders have a immediate channel for information and the Ministry too has a relatively quick channel to insights, goings on and industry attitudes in
the private sector. Arguably this relationship building supports the government’s effort to aggressively market the Malaysian private higher education sector alongside the public higher education sector to make Malaysia a more attractive and diverse educational destination for international students.

However, the general consensus gathered from all participants is that these relationships offer mainly moral and verbal support for institutes. Private higher education institutes were generally left to their own devices when it comes to expansion, and there is none to minimal financial support from the government should private higher education providers wish to expand: either in terms of physical presence or program provision.

**Building up local content**

Private institutes are currently allowed to run accredited foreign degree programs, on the provision that institutes phase out foreign degree programs in favour of locally developed programs. The logic behind this strategy is to provide the local institutes with a base on which to build their reputation and academic foundation and to provide a method of bringing in international students based on locally developed content. The eventual intent is to phase out the foreign degree programs once the institute has become well-established. The policy of establishing indigenous programs was clearly stipulated under the accreditation guidelines of LAN and with MOHE objectives. So far, the phasing out of foreign degree programs has not materialised with two participants (participants 7 and 10) pointing out whether the majority of international students coming into private institutes are doing so for the reputation of an international degree rather for the reputation of the local institute. Participant 9, a senior level administrator at a large private university-college, while optimistic in the institution’s ongoing
efforts to develop local content, acknowledged the importance of their franchised programs in attracting both their key international student and domestic markets.

In terms of developing local content, a common concern that emerged was the lack of clarity on information on accreditation under LAN. The first point was the rolling nature of the accreditation process, particularly when trying to develop local contact. Under LAN, locally developed courses do only receive provisional accreditation until the first cohort a program have entered their final year. The key issue private providers had with this process of accreditation was that it was difficult to market a course to prospective students that had only provisional accreditation (Participant 4, 5, 8 and 9). While none of the participants doubted the quality of their locally developed content, three years was a long-term investment risk from a student and parents’ perspective. Interviewees external to the private higher education sector, but who are involved in higher education also commented on the lack of clarity in the accreditation process.

Another important issue in the clarity of information on the accreditation process relates to the development and growth of local private universities. For participants who were engaged in high-level administrative roles, the ability to upgrade their institutions was considered key to developing a strong regional education base, particularly because private providers play such an important role in widening access and recruiting international students.

A general consensus among interview respondents working in the private higher education sector has revealed that some distinct issues hinder the country’s progress to create a education hub. According to them, the most common problems are related to the paucity of inter-institutional communications, minimal government-to-government engagement, and a
lack of regional engagement with other institutes.

Some institutions also mentioned that unclear guidelines on how to recruit and classify international students have impacted them negatively. There have also been problems with international student recruitment and the treatment of international students.

**Conclusion**

Internationalisation of higher education in Malaysia is influenced by the broader trends in other higher education markets. These broad trends include the mobility of students and staff; of courses, programs and institutions; the growth of collaborative research, the growing dynamism of curricula, teaching and learning; and the growing phenomena of internationalisation across institutions and higher education systems.

In the Malaysian context, the development of a regional education hub is a key policy for the country. Strategies to develop a regional hub include increasing the number of international students in the country; developing higher education as a tradable commodity; and establishing inter-regional educational ties.

Malaysia has traditionally been a key sending country of international students; however the government wanted this to change. Attracting more international students to Malaysia is an important turnaround strategy for the country. The shift in the number of students being sent overseas occurred in late 1990s due to a number of factors such as the 1997 Asian Financial crisis and the flow on effects of September 11 as two important external factors that had a
restrictive effect on the number of Malaysians studying overseas. While expanding domestic access to higher education, the government also strategised to increase the number of international students in Malaysia to 100,000 by 2010. This was in line with the government’s strategy to develop education in Malaysia as an export industry. It was also an ambitious task as it meant was trying to more than double the number of students in a three-year period, from 49,925 to 100,000. Was this successful? In recruiting 100,000 international students, the answer is no with final numbers standing at 86,923 in 2010. But it has been successful as it displayed a strong growth of international students over this time frame. The country has become a key destination for many sending countries and has created a niche market for students from the Middle East and Africa. The shift in the international student demographics is an indicator of this.

The private higher education sector has been instrumental in attracting a significant number of international students, particularly at an undergraduate level. Several factors have influenced this, including the attractiveness of foreign degree programs, the unlimited spaces allocated to undergraduate courses (unlike the 5% cap in public institutions), and the lack of compulsory language policy set in the private sector.

At the time of data collection, some key issues for private providers were raised. The first was that nature of institutional-governmental relationships. While many participants acknowledged they fostered close ties with the Ministry of Higher Education, many believed that these relationships offered moral and verbal support for institutions. Private providers are keen to play an integral role in the development of the Malaysian education sector but support for such plans (such as expansion and fiscal support) was minimal. This is an area of the governmental-institutional relationship that many participants expressed could be improved.
The building up for local content for domestic private providers was also a consistent trend in the interviews. Local private providers are expected to develop local programs in order to build a genuinely indigenous education hub, where students are attracted to the Malaysian degree. Whether this is a viable option is open to debate, but some participants believe one of the key attractions of private institutions is their offerings of a foreign degree at a cost effective price. A lack of clarity on information on accreditation was also another issue for some participants as this affected how programs were run and more importantly how institutions can grade their statuses.
Chapter 7. Quality in Private Higher Education in Malaysia

Quality assurance has had a predictably difficult history for both the Ministry of Education and the higher education sector. This is a common problem in private higher education sectors worldwide when a rapidly growing industry meets increased competition and has little or no regulation to govern it. Prior to the introduction of legislation to regulate the sector, the Malaysian private higher education industry had issues with unscrupulous providers. Unscrupulous providers often promised or offered courses and degrees but delivered low quality programs or in many cases were bogus enterprises that took payments of fees and never provided any service. Like other private higher education sectors, Malaysian had to address the lack of legitimacy of private higher education. Despite the history, the success of the private higher education sector is tangible. The sector educates a significant portion of the student cohort, attracts a large number of international students at an undergraduate level and has an important role in building up the Malaysian higher education sector.

Discussion on the quality and regulation of the Malaysian private higher education sector has traditionally focused on the design, implementation and maintaining quality control mechanisms for providers. As previously mentioned, the 1996 Lembaga Akreditasi Negara Act established LAN, the accreditation board for private providers, with the public higher education institutions being served by a separate body. While the introduction of an accreditation body and a set guideline of regulation was welcomed and did provide structure and governance to the sector, it was not without its own problems. The mechanical approach to its process, a lack of experienced staff, a high level of discretionary power and a general
“one-size-fits-all” approach posed difficulties for the private providers.

Eventually, and as a policy response to create a more streamlined and effective approach, the Ministry of Higher Education introduced changes to the accreditation process by establishing the Malaysian Qualifications Framework and the Malaysian Qualifications Agency. The aim of the MQF and MQA was to make accreditation process centralised, thus aiming in becoming less bureaucratic and more efficient in approving and regulating courses and degrees in all universities (Shahabudin, 2005).

The introduction of both bodies was welcomed by private providers. At the time of data collection, the MQA and MQF were yet to materialise from paper-based plans and some interviewees question the strength of the leadership spearheading the MQA. Participants who work in the private higher education sector were hoping that, with over 10 years behind it, that there will be a strong sense of leadership in these organisations in order to ensure that the accreditation process runs more smoothly and efficiently.

Part of this chapter will explore the issues pertaining to the regulation practices of LAN as this was the functioning body at the time of fieldwork. It examines the key concerns and observations of the participants and provides a snapshot of the sector’s concerns. While LAN is now defunct, it teaches lessons about how the MQA can overcome some of the accreditation obstacles faced by the private higher education sector.

The other part of the chapter examines quality from a different perspective-academics and academic training. A consistent trend in higher education policy documents is the emphasis on the recruitment and training of appropriately skilled academics into higher education
institutions. The emphasis is the recruitment and/or training of staff who hold a PhD qualification to build up a strong academic base—an integral aspect of the country’s aim to become a regional education hub. This section of the chapter will explore the challenges faced by the private higher education sector in its recruitment and training of its academic workforce.

Lembaga Akreditasi Negara (LAN)

Private higher education, in particular for-profit education lacked legitimacy due to the paucity of regulation and clear guidelines in providing education. When the government made the decision to liberalise the private higher education sector, as a response to the lack of access and diversity, its policy response was the introduction of a set process of accreditation was a mean of regulation of the sector. The establishment of LAN as an accreditation body for private providers was not without its problems (Lim, 2010). This is not to suggest that the LAN or the government lack the will to implement a sustainable system of accreditation. Observations from participants in senior level management and administrators in private institutes, as well as those who are involved in the private higher education sector, the lack of experienced staff meant that LAN’s rate of governance did not necessarily reflect the rate of the sector’s growth.

Under LAN, another common theme that emerged from the interviews was the concern of what can be classified as the ‘hard’ approach taken by LAN. Lewis (2009) defined a hard approach; or “hard quality assurance model”; as one that is usually an external body, and is inspectory in nature. A hard approach to Lewis also incorporated specific outcomes against
different benchmarks. These include the key objective of a hard quality model is to ensure institutional accountability, an observation focus on student and teaching outcomes, an evaluation of the salient features of an institution, and a closed question approach to the assessment. According to participants involved in private higher education institutions, accreditation was very formulaic, and heavily “document based” (Participant 6). The formulaic approach was perhaps a symptom of an understaffed and inexperienced body. Participant 1, a Vice Chancellor of a private institution, succinctly outlined this specific problem:

*When you begin to have, like you have in Malaysia, 600 colleges and there is a very small bureaucracy if they were to start looking at substance they’re going to require a lot of time and energy…. None of it is there in the bureaucracy, limited resources, certainly limited experiences and to handle 600 colleges and university colleges ... it is a tremendous landscape and these guys don’t have the time unless they say “Look we need to break it down into very symbolic things. It’s in forms, all I have to do is look at these forms and tick, tick, tick the check boxes”.*

The degree of the inexperience in LAN was still quite fresh in most participants’ memory, and private higher education stakeholders pushed for changes and improvements with the accreditation board and process. Apart from the lack of experienced staff in LAN, there were also some frustrations on the strict supervisory nature of LAN which was viewed as a hindrance to the development of the private higher education sector.

*It is hoped of course that the government will loosen its grip on the micro-management of institutions. Granted that there are "cowboys" in our midst, but the*
government must realize that you cannot penalize all of the others ... if ... the majority are good and obedient. My personal experience in two higher learning organizations in Malaysia is "penalize everyone because of one black sheep". This does not augur well for good development of any organizations (Participant 8, senior level academic administrator).

Many of observations and experiences of LAN brought into question on whether the MQF and the MQA would be more effective mechanisms to regulate the higher education sector. At the time of conducting interviews many participants welcomed the introduction of the MQF and MQA, but with a significant amount of caution due to the experiences with its predecessor.

**Upgrading and provisional accreditation**

Aside from the heavy documentary process of getting courses accredited, upgrading of awards and institutions could also be a hazy process for private operators. Guidelines for upgrading were unclear for some private higher education institutes, and the provisional accreditation process practiced by LAN is problematic for providers, parents and students. Provisional accreditation meant that a new course subject does not get full accreditation, but a provisional one and is subject to a review by a LAN board when the first cohort enrolled into the program enter their final. This causes apprehension amongst parents and students who commonly bring up concerns that a provisional course is not fully accredited and that they could be potentially wasting their money and time on a program that might be halted prematurely or their qualification becomes null and void. While all private higher education participants
interviewed stated that they did not had any issues in meeting the requirements for provisional and full accreditation, the biggest challenge was being able to market their programs that had provisional accreditation. To some, it was akin to convincing parents and students to take a long-term risk in their investment. When the points of provisional and full accreditation were brought up during interviews, the formulaic structure of the assessment process was brought up as an impediment in many ways.

Firstly many participants recognised the importance of innovation and the need to develop innovative and cutting edge programs in order to become a leader in the education sector. This was recognised at both an institutional and regional level. As the research has shown, private providers are the ones who tend to respond to market demands and changes much faster than public institutions. However because of the formulaic nature of LAN’s assessments, it was somewhat difficult to do so, a concern that was compacted by the high level of discretionary and subjective powers held by LAN as gathered from the observations of different participants.

The higher education act requires about half a dozen different things, some aren’t very important and some are. Ownership has to comply with the social engineering policy of the government ... Number two ... are the [financial] resources adequate to sustain the higher education enterprise. Number three, basic management as well as the academic staff support ... meets the prescribed standards of the government ... Number four is the proposed curriculum of the university accepted and approved by the national accreditation board for it to be delivered. Number five ... is there a governance structure and accountability. Numbers six, the quality of leadership ... and the last one ... is the quality of the delivery environment. ... it becomes bureaucracy
 driven rather than academic driven, in other words the last two or three requirements about curriculum, staffing and programs ... they all don’t merit the same importance as number one (Participant 1).

Because it is compliance driven it pays more attention to form rather than substance ... If you take a university such as this one ... then I would argue that the learning environment that I am creating has to be supportive ... and therefore my modus operandi would be different [referring to distance education and e-learning]. Now the bureaucracy says no, you have to have a classroom and you have to have this person attend three lectures a week ... and I would tell them this is not the case ... I would have expected them to say let’s examine the environment with the particular facilities we provided and see whether they have the right traits (Participant 4, academic director).

... programs are not approved because there has not been such a program in the past, still possible to happen (Participant 8).

What emerges from these points is the restrictive nature of LAN’s accreditation guidelines which were not completely feasible in such a diverse and more responsive environment of the private higher education sector.

Upgrading of institutional status was also brought by, especially with the lack of clarity in the process of institutions being able to upgrade their statuses, in particular the difficulty on how university colleges could be awarded university status. There are a high number of small colleges in Malaysia, and a healthy number of university colleges. For the majority of the
participants who were involved in private university colleges, the ability to upgrade to university status was at the forefront. At the time of data collection, only one private institution, Limkokwing University, was conferred university status. It appeared the upgrading of Limkokwing was an interesting area of discussion. When the question was raised to those in senior positions of private institutions what was the process of upgrading, all professed that they did not know the full extent of what is required and that the process was not clear cut. Some participants raised their own questions about how the upgrade was finalised and agreed that the nature of the close relationship between government and the institution has been an important factor.

The Malaysian Qualifications Framework and the Malaysian Qualifications Agency

Why was the MQF and the MQA developed and introduced by the government? As mentioned, introduction of new legislation and a new accreditation body was to amalgamate LAN and QAD. The amalgamated body was subsequently re-named the Malaysian Qualifications Agency. The key role of the MQA is to implement the MQF and monitors the quality assurances practices and accreditation of higher education institutes. The presence of a dual system meant that public and private institutions were not governed by the same guidelines and rules. For example, the promotion of academics into senior positions in public institutions was at the discretion of the Ministry, while this was not the case for private institutions. There was also a lack of inter-institutional engagement between the public and private sectors. The MQF was developed as a way to allow greater inter-institutional mobility for students, diversity what constitutes as higher education by factoring in recognition of prior
learning and experiences, informal and formal modes of lifelong learning. The MQF is the integrated system that covers all post-secondary qualifications in Malaysia, whether public or private institutions deliver them.

Malaysian Qualifications Framework (MQF) is an instrument that develops and classifies qualifications based on a set of criteria that is agreed nationally and benchmarked with international practices, and which clarifies the academic levels learning outcomes and credit system based on student academic load. These criteria are accepted and used for all qualifications awarded by higher education providers. Hence the MQF integrates with and links all national qualifications (Malaysian Qualifications Agency 2007).

The MQF is benchmarked against other qualification frameworks in the UK, Australia, New Zealand and the European Qualifications Framework—the umbrella framework for EU counties. By creating an umbrella organisation for the Malaysian education system and a central framework for quality, it is expected that this will create greater legitimacy for the higher education sector. This qualifications framework and body are effectively “state sponsored instruments designed to enter and attempt to manage this more marketised space for qualifications. They are designed to variously to bring greater surety to the market and protect, or at least appear to protect, qualification users through better information systems, quality assurance and through the facilitation of linkages between qualifications.” (Keating 2011, p. 395) On paper, the MQF appears to attempt to address the inconsistencies that have persisted in higher education.

There are some significant changes in the MQF. To encourage greater flexibility in student
mobility, the MQF developed a standardised credit load for different qualifications. The establishment of a credit system is to be advantageous in two-folds. Firstly the credit system allows greater flexibility in how education providers structure and deliver their programs, and this is arguably an institutional response to the rigidity of the framework’s predecessor that did not always accommodate the potential diversity of programs and delivery.

... this system supports the varieties in the national education system, which is characterised by the different periods of semesters between universities, colleges, polytechnics, and community colleges, and between public and private sectors. The credit system also supports the varied mode of delivery, namely full-time, part-time, weekend, distant learning, e-learning, and also non-structured learning in the informal and non-formal sectors (MQF, 2007).

The second advantage of the credit system is that in principle it should allow students inter-institutional mobility (i.e. being able to move between institutions) and provide clearer educational pathways, thus further expanding access to higher education. Whether the advantage of student mobility and further widening of access has materialised is yet to be determined. 2011 was the first year that the MQA begun its compliance audit of institutions and at the time of writing, no documentation on the outcome of this compliance audit was available.

All programs that have been awarded accreditation, be it provisional or full accreditation, become registered with the Malaysian Qualifications Register (MQR). Another significant introduction in the MQF is the inclusion of self accreditation status for institutions that pass an institutional audit by an MQA panel. Self-accreditation allows higher education providers
to accredit their own programs and be placed in the MQR without have to go through the MQA. This move reflects the attitude of one of the participants in the study, an Associate VP for Research and Development at a large private university college: “We do hope that the self-accreditation of programs and courses will happen in the not too distant future.” Self-accreditation so far has been by invitation only and in 2010 eight institutions were awarded self-accreditation status. Four were research universities (all public) Universiti Malaya, Universiti Kekangsaan Malaysia, Universiti Putra Malaysia and Universiti Sains Malaysia. The remaining four universities that were granted self-accreditation status were all branch campuses: Monash University, the University of Nottingham, Curtin University and Swinburne University. Self-accreditation is awarded to an institution that carries within its own internal systems of quality assurance that reflects the guidelines under the MQF. The introduction of self-accrediting institutions is meant to reflect greater institutional autonomy in the higher education sector. While self-accreditation currently covers four private universities, there are still no domestic private higher education institutions that have been granted self-accreditation status.

**Staff qualification and training in institutions**

Another aspect of quality that needs to be addressed is the number of qualified academic staff in the private higher education sector. While much debate has focussed on the content and regulation of quality assurance mechanisms, another point that was raised by many participants was the issue of academic staff. The increase in the number of institutions in the private higher education sector has led to a growing demand of qualified staff. At a policy level, a key objective for the higher education sector is the recruitment of qualified academic
staff, or for institutions to develop training schemes to allow their academic staff to upgrade their qualifications. At an institutional level, all the participants interviewed recognised the importance of recruiting or training academic staff, in particular the recruitment of teaching staff with a PhD qualification. Compared to public institutions, private providers have a significantly lower number of academic staff with PhD qualifications, with the majority of its academic holding a Masters or Bachelor degree.

The issue of recruiting staff in private higher education institutions is problematic in two ways. Firstly, the majority of private providers operate as for-profit institutions and recruitment of qualified and/or full-time staff is an issue. The recruitment of full-time staff is not always cost effective, especially for smaller colleges. There have been many reports on full-time academic staff from public institutions that take second jobs as part-time lecturers in private institutes. There was also some self-reflection by some interviewees on the recruitment of qualified staff members. The wage award for academics does not necessarily reflect the high social status that it comes with. Participant 3 is an academic at a branch campus in Malaysia. He holds a PhD qualification from a prestigious American university. At the time of the interview, he was a lecturer in the Arts faculty. When probed about his motivations to return to Malaysia to teach, his answer were all personal motivations and that financial incentives played no role as the his wage was no more attractive than should he have been teaching at a local institution. This was not to suggest that the pay is identical but it was simply a point that the difference was not so significant that it would be a factor. He also acknowledged that since he worked for a foreign branch campus, he understood they could afford to hire more PhD and postgraduate staff members as compared to other domestic providers (at his request, this response is not quoted verbatim). The majority of interviewees who worked in the private higher education sector were working for larger and better
financially resourced institutions so their recruitment of staff did not suffer the same financial constraints as smaller colleges. They did however point out there can be some difficulty in sometimes recruiting PhD holders, whether there was a dearth in qualified staff members in specialised fields or whether there were simply more applicants with Masters degrees varied across the interviewees.

Training of staff is also crucial as the majority of staff members in the private sector (with exceptions of foreign campuses) are not able to obtain time or resources to engage in sabbaticals, limiting the amount of academic training they can be involved in. The comparisons between research opportunities two Participant 2 (a senior academic at a public university in the Arts faculty) and Participant 3 was significant, not just in terms of the current opportunities they had available to them, but also Participant 2’s previous opportunities for sabbaticals when he was a lecturer. Participant 3 was well aware of the restricted opportunities (when compared to those in a public university) he had due to the demands of his teaching load but when compared to others who worked in different institutions, he considered himself lucky as there were opportunities for him to work in the branch campus’s home institution. In larger private institutions that have the financial resources, some have taken their own initiatives to dedicate time and resources to academic training for their teaching staff by providing loans for staff to pursue PhD qualifications at local institutions, reducing teaching load, applying for more research funding, holding cross faculty research dialogs and in one case applying for “PhD scholarships from overseas universities (in a form of a fee waiver) for our staff to do their PhDs on a split campus system” (Participant 8).

While many participants agreed good initiatives are being taken by some leading providers, one participant explicitly questioned the kind of leadership and management in private
Institutions:

It is my contention that this is due to the way they themselves gained their education, but importantly also due to the way their institution manage. [...] Thus the development of academics in particular and all other staff in general has to be based on how the institution is managed. Hence, in my opinion what needs to happen is not at the academics or lecturers’ level, but at management level. [...] In the PHE of course, the top management is still in general dominated by the owners or their families who may or may not be au fait with higher education, or perhaps not really able to see how make the education business a real business, as many in Malaysia had come from other entrepreneurial areas, such as property, import-export and the like (Participant 7).

Considering that higher education policy at state level wants to increase the number of PhD holders within academia this is predictably a long-term problem that requires attention.

Conclusion

Quality assurance continues to prevail in the private higher education sector. The history of quality assurance in Malaysia has had a difficult history, although it is not a unique one. Prior to the introduction of legislation to regulate the sector, the Malaysian private higher education industry had issues with unscrupulous providers. Unscrupulous providers often promised or offered courses and degrees sans deliverance of quality or in many cases were bogus enterprises that took payments of fees and never provided any service. Like other private
higher education sectors, the Malaysian case had to address the lack of legitimacy of private higher education. Despite the history, the success of the private higher education sector is tangible.

The introduction of the LAN act and the establishment of LAN provided structure on governance and quality assurance for the private higher education sector. While this was successful in establishing quality assurance measures, LAN was not without its problems. LAN was the first of its kind and perhaps as a result lacked qualified staff to implement its policies. It was also a small bureaucracy managing hundreds of private institutions and the hard approach taken by LAN led to some frustrations in the sector. Another issue for private providers was the lack of openness on accreditation, in particular when trying to provide courses that were innovative and non-traditional. This frustration stemmed from the formulaic and rigid nature of the LAN guidelines and many felt this was a hindrance to them. Information on the upgrading of private institutions also proved to be another area where information was not clear, in fact it sometimes became a sensitive subject during the course of some interviews. The lack of transparency in the processes was a regular theme that emerged over the interviews.

How was the Ministry sought to improve the quality assurance mechanisms? The response was to create the MQF and the MQA, which consolidated LAN and QAD, the accreditation body for public institutions. Benchmarked against other international qualification frameworks, the MQF and the MQA seek to address the inconsistencies that existed within the accreditation and quality assurance process. The MQF also sought to ensure the better mobility of students within institutions and improve pathways into higher education for Malaysians.
The process for accreditation was also restructured to provide a consistent and more transparent manner for all providers. Accreditation came to include provisional, full and self-accreditation. This appears to be a significant move towards greater academic autonomy for the higher education sector. There are some limitations to these changes. Firstly, the MQF and MQA were introduced in 2007. The first round of a compliance audit is 2011 with no solid data available, so we are yet to see whether any significant changes to the issues faced by private providers have been addressed. Secondly self-accreditation, while welcomed as a positive move, is limited to eight institutions and none of them are domestic private higher education institutions.

Another aspect of quality that needs to be addressed is the recruitment of qualified academic staff in private institutions. On a policy level, the recruitment of PhD holders is an important aspect to building a strong higher education sector. Private universities and prominent university colleges understand the importance of this, however the reality does not fit with the aspiration. There appears to be a lack of PhD holders to recruit. Secondly, there are fewer opportunities for staff at private institutions to pursue further education and training. There is a combination of factors. More modest institutions are not interested in hiring full-time staff, as this is less cost effective. Some simply do not have the resources, for others there are fewer opportunities due to a high teaching load and another questions the management of private institutes. While some of the more established private institutions have taken measures to improve the qualification of their academic staff, statistics indicate that private institutions still hold a low number of highly qualified staff and this will continue to be a long-term issue.
Chapter 8. Conclusion

This research examined the private higher education sector in Malaysia and aimed to answer three key research questions:

1. What impact has private higher education had on access to tertiary education in Malaysia?
2. What impact has private higher education had on the internationalisation of tertiary education in Malaysia?
3. How have quality assurance agencies sought to improve private higher education in Malaysia?

The aim of these questions is to examine the nature and the role of private higher education in the development of Malaysia’s education sector. Private higher education has been a topical area of discussion since the mid-1990s due to the significant changes in legislation that liberalised the sector and created a strong growth of private higher education. While there have been some significant publications on private higher education, significant changes have occurred in the most recent decade. The dominance of the private higher education has grown and the role it plays in the country’s national education policies has evolved.

The research was informed by global literature on private higher education in different countries. By doing it, it allowed the researcher to identify what are the common themes present in the sector, how private higher education is defined and what are the trends. While globally private higher education sectors are diverse with their own quirks, commonalities do exist. Referencing a range of countries from the US, to Chile, to Romania, and towards the Philippines, Vietnam and Thailand five different themes were identified: the distinction
between the for-profit and non-profit institutes, the liberalisation of the private higher education sector, the widening of access, the change in sources of funding and quality assurance and the social legitimacy of private higher education. By identifying the key themes, private higher education is then defined by its distinctive features: the differences in providers (the for-profits and the non-profits), the diversity in ownership, accountability and autonomy and the “demand-absorbing” role it plays in the higher education sector. From there, trends in private higher education are documented: the impact of massification of higher education, the introduction of a market environment, the changing Topography of the private higher education sector, and the internationalisation of higher education.

The research was also guided by the definition of policy set by Jenkins (1978) and supplements the definition of policy by introducing an analytical framework used to examine private higher education policies. This thesis introduces the use of a ‘policy universe and policy subsystems’. A policy universe is “the large population of actors and potential actors [who] share a common interest in industrial policy, and may contribute to the policy process on a regular basis” (Wilks and Wright 1987, p.296). The concept of the policy universe adopted here also takes on Howlett & Ramesh’s (2003) definition of a policy universe as it also explicitly states the international, regional and domestic dimensions of a policy universe: “a fundamental unit containing all possible international, state, and social actors and institutions directly or indirectly affecting the specific policy area” (p.53). A policy subsystem is defined by Sabatier (1988) as a space which hosts “the interactions of actors from different institutions interested in a policy area”, whose actors are “from a variety of public and private organisations … at various levels of government active in policy formulation and implementation, as well as journalists, researchers, and policy analysts who play important roles in the generation, dissemination, and evaluation of policy ideas” (p.131).
The use of the policy universe and subsystem is used in the policy cycle analysis—the tool analysis used in this research.

**Private Higher Education: Then, Now and What Next?**

In the Ninth Malaysia Plan, development was framed from a theme perspective also known as the five “thrusts” for development: (i) to move the economy up the value chain, (ii) to raise the capacity for knowledge and innovation and nurture a “first class mentality”, (iii) to address persistent socio-economic inequalities constructively and productively, (iv) to improve the standard and sustainability of quality of life, and (v) to strengthen the institutional and implementation capacity (Malaysia 2006). This reflected the move to shift from a production economy to a knowledge economy:

“With increasing competition in the global market, the economy will have to further strengthen its competitiveness and venture into new growth areas. This will require world-class human capital that is knowledgeable and highly skilled, flexible, and creative as well as imbued with positive work ethics and spiritual values (…) comprehensive improvement of the education, training and lifelong learning delivery systems will be undertaken (…) Lifelong learning programmes will be expanded to provide greater opportunities for individuals to improve and add values to themselves through the continuous acquisition of knowledge and skills” (Ninth Malaysian Plan, 2006).

In tandem with developing a knowledge economy was the growing emphasis on higher education to train the work-force in key areas of IT, science and technology and research and
development capability so new growth areas (such as biotechnology) can be developed. The government’s higher education policies were influenced by graduates’ employability, shaped by global mobility, cultural competencies, and lifelong learning (Sirat 2010).

The research examined the causes of the liberalisation of the private higher education sector and the impacts this has had on the Malaysian tertiary sector. By allowing the establishment of foreign branch campuses, the introduction of twinning, credit transfers and franchised programs, and the expansion of the domestic sector were the some of the key strategies in the liberalisation of the private higher education sector. Growth of private higher education in Malaysia faced the same teething problems as other countries where early expansion and appropriate regulation were mismatched. As a response to the problem of growth and quality, the government introduced three key pieces of legislation that would create a significant impact on the industry: the National Council on Higher Education Act (1996), the Private Higher Educational Institutions Act (1996) and the National Accreditation Board Act (1996).

As a result of these policy mechanisms, the growth of the private sector has been strong with the sector developing into a diverse environment. Offering of post-secondary education ranges from certificates to postgraduate degrees. The number of institutes is also impressive; in 2010 the number of institutions was 440, with 21 universities, 24 university colleges, 5 branch campuses and 390 colleges. Diversity of ownership in the private higher is also unique and diverse. Foreign branches campuses (Monash, Swinburne, Nottingham, and Curtin) were introduced and have become well established in the country. Government linked companies and political parties were also given licences to establish institutions-key examples are Universiti Tenaga Nasional (owned by Tenaga Nasional Berhad, the national utility company)
and UTAR (linked to political parties in the ruling Barisan Nasional). Other types of operations include institutions established by large publicly listed corporations (e.g. Sunway University College), ‘standalone’ institutions (e.g. “mom and pop” vocational schools, larger self-funded institutions), and not-for-profit institutions.

Because of the growth of the sector, also made possible by additional government strategies, such as the expansion of institutions and the opening of financial support for students to pay for tuition fees, private higher education has had a significant impact on the widening of access to tertiary education in Malaysia. Private higher education institutions have played a significant demand-absorbing role in the 1990s and 2000s, which was one of the main intentions of the government due to the increase in demand for post-secondary education. Some estimates by private industry players during the data collection period attributed of at least 50 per cent of all university graduates coming from private higher education providers. In 2000, the private sector held 45.5 per cent of total enrolments and by 2005 the Ninth Malaysia Plan (p. 244) placed the number of graduates from private higher education institutes at 58.5 per cent.

The private higher education sector has made a bigger impact on the widening of access in a number of important areas. Firstly, the student body in private providers is predominately non-Bumiputra, a contrast to the student body in public universities. Private providers have opened up domestic opportunities for non-Bumiputra students who in the past had found it difficult to gain admission into public institutions. Private providers have also re-shaped the student cohort in Malaysia, creating a more diverse local student population to include working adults, on-line learning, and attracting international students. Moreover, the private sector has also contributed to the increase in female participation in higher education, which
has made great strides. In 1980, the participation rate for women in higher education was 31.7 per cent. By 2010, women made up the majority of the student body in both private and public higher education institutions. Additionally, private institutions provide greater access to vocational education and training and undergraduate degrees (with a focus on creative arts, humanities, engineering and business). The decision to widen access to higher education has contributed to the change of the educational profile of the country with the gradual expansion of the skilled workforce in Malaysia. 2008 figures released by the OECD details the changes in the Malaysian workforce. In 1985, 4.8% of the work force held a post-secondary qualification, by 2000 this increased to 10.9% and by 2008 the figure increased to 15.6% (OECD, 2011). While this is still below the rates of other OECD countries, Malaysia’s work force remains an attraction of key trading partners such as the United States of America where the country is the USA’s largest trading partner in the Southeast Asian region (US Chamber of Commerce, 2011).

The role that private providers play in the internationalisation of the Malaysian higher education sector is also important. Malaysia had traditionally been a key sending country for international students to English speaking destinations such as the US, the UK and Australia. One of the key aims of the government’s liberalisation of the private higher education sector was to diversify and internationalise the market in order to develop an education hub. In permitting institutes to offer a range of programs with international linkages, the private sector played a major import-replacement role. Private providers have been instrumental in shaping the international dimension of the Malaysian higher education sector with the introductions of twinning programs, franchised programs, branch campuses, etc.
By expanding domestic access to higher education, the government also strategised in increasing the number of international students in Malaysia to 100,000 by 2010. The final figures for international students during the target period reached 86,923. While this was below the target needed but reflected a successful recruitment strategy during a short span of time. The private higher education sector has been instrumental in attracting a significant number of international students, educating nearly 73 per cent of the international student population. A closer look at this figure reveals that private providers hold the highest number of international students at the professional training and undergraduate level, while public institutions dominate at the postgraduate level, with a particular strength in the postgraduate research sector. The success of the private providers to attract international students lies in their ability to offer an internationally recognised qualification, taught in English and at a more affordable cost. Moreover, the Malaysian higher education sector has been able to capitalise on the recruitment of international students because of the impact of 9/11. Malaysia was able to offer an easier and viable alternative to students from Middle Eastern countries, as well as other source countries where students may find it difficult to gain entry into Western countries. In addition to the growth inside Malaysia, some private providers have taken the Malaysian presence a step further with some of the larger and well-established Malaysian institutions establishing branch campuses in key markets such as India, Pakistan and Botswana. The growth of the sector, while having been described as having developed from an “emergent” policy strategy (Richards, 2011a), has been described as being “the most significant non-western (higher) education hub model” (Richards & Abdul Aziz, 2011b). Malaysia has now set a new target for international students, aiming to attract 200,000 students by 2020.

Given the role that the private higher education sector plays, issues of quality assurance were
a natural cause of concern. Local private providers are expected to develop local programs in order to build an indigenous education hub, where students are attracted to the Malaysian, and not necessarily a foreign degree offered in Malaysia. How successful this strategy is to be is still in progress as one of the key attractions of private institutions is their offering of a foreign degree at a cost effective price. The rigidity of LAN and the lack of clarity on information on accreditation were key issues for private providers.

In response to the lack of clarity and consistency between the public and private sectors (there were two different accreditation bodies between the public and private sectors, and a lack of consistency between private institutions), the government merged the accreditation bodies and introduced the MQF and the MQA as a means to improve quality assurance measures in both the public and private higher education. The merger of two accreditation bodies is meant to streamline the accreditation and quality assurance processes, creating better efficiency and greater transparency for the higher education sector. The MQF also sought to ensure the better mobility of students within institutions and improve pathways into higher education for Malaysians. The process for accreditation was also restructured to provide a consistent and more transparent manner for all providers. There are some limitations to these changes.

Higher education in Malaysia has come a long way since the 1990s. Since its inception as a means of educating the elite, higher education in Malaysia is now considered to be a crucial to the development of the country and has been classified as one of the Key National Economic Areas. Malaysian has begun its Economic Transformation Programme, and under this scheme twelve key areas were identified that “would drive the highest possible income over the next ten years” (Performance Management and Delivery Unit, 2011). On a policy level, the recruitment of PhD holders in academia and the recruitment of more international and
local PhD students are now considered central aspects in the further development of the higher education sector. This signifies a development from the government’s expansion of access to higher education and recruitment of internationalisation. In earlier stages, the focus was on offering more professional training and options to the domestic market, while expanding the international student body at an undergraduate level. Access and recruitment is now being framed by the recruitment, retention and training of postgraduate research students (Richards, 2011a).

Private universities and prominent university colleges embrace the importance of this, but during the course of the fieldwork, the aspirations were great but the reality was not well matched. While some of the more well established private institutions have taken measures to improve the qualification of their academic staff, statistics indicate that private institution still hold a low number of qualified staff and this will continue to be a long term issue.

**Recommendations for further research**

This research raises important questions about the future of private higher education in Malaysia. Recommended areas for further research are:

*Duality in private higher education*

Chapter 5 discussed how the growth of the private higher education sector created a duality between the public and private sectors. The ethnic composition of public and private institutions is very different but data is limited for a number of reasons. There has been no
consistent data maintained or collected by the government, independent agencies and some private providers choose not to collect or release data on their domestic student demographic. The author believes this duality of a student cohort deserves greater attention, although it must be acknowledged that public discourse on the ethnic backgrounds of the different cohorts could be controversial. However just as discussions about the student cohort in public institutions exemplified the impact of the NEP on the national higher education landscape, further discussions about the duality of the student cohort can exemplify the impacts of the private sector on the higher education landscape.

Employability outcomes of private and public graduates

This thesis identified the focus of the Malaysian government to increase vocational training, promote lifelong learn and focussing on education in science and technology. Lee (1997, 2004) and Tan (2002) identified the then growing concern of the employability of graduates trained in the public higher education system, an issue that was identified before the significant presence of the private higher education sector. However, this is not an issue that is purely restricted to the public higher education system. Malaysia has experienced a growth in participation rate in higher education; there has also been a rise in unemployment from public and private graduates (Sirat, et.al 2012). While unemployed Malaysian graduate cited a lack of available jobs, there was a different perception from employers who attributed the problem to graduates lacking generic skills and work-related competencies (UNESCO 2011). While there have been strategies introduced by the MOHE to realign tertiary curriculum to industry needs, at the time of this research there was a paucity of agreement between the higher education sector, employers and government on what constitutes employability of a graduate (Sirat, et al. 2012). Given the focus of the Malaysian government this is an issue that needs
further exploration.

*Further study on the MQF and the MQA*

This thesis charted the performance of the private higher education’s first accreditation body LAN outlining its purposes and its sometime problematic history. This thesis also introduced the MQF and the MQA, the current quality framework and governing body which integrated LAN and QAD (the public higher education accreditation body). The introduction of a single governing body was to remove the duality of processes between the public and private sector, foster greater inter-institutional interaction, greater mobility for students and greater institutional autonomy. Further research on whether the MQF and MQA have been successful in managing the transition to a singular governing body and whether the above mentioned purposes have been successfully implemented, and if not what are the issues that are affecting this.

*Qualified academic staff in the private higher education sector*

The recruitment and training of qualified academic staff remains an area of concern for the private higher education sector. While there has been a policy push towards attracting and retaining academic staff with PhDs, the disparity between this goal and the reality (lack of PhD holders, the fiscal realities of running a for-profit institution) makes this difficult. Have private players been able to respond adequately? What strategies do they now have in place to attract and train academic staff? Have the government’s push been successful? These are the questions that have risen from this research and further research is recommended.
Despite the challenges ahead for the higher education sector, and for private providers, there was a heartening aspect to the research: the positive outlook that many participants had for Malaysian higher education, the private higher education sector and their institutions. This optimism is only something time will be able to validate but the researcher hopes it to be true.
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APPENDICES
APPENDIX 1: PLAIN LANGUAGE STATEMENT TO PARTICIPANTS

Dear <>,

My name is Ruttigone Loh. I am undertaking a Masters research degree in International Studies at RMIT University, within the School of International and Community Studies under the academic portfolio of Design and Social Context. The working title of my research is “Private Higher Education in Malaysia.”

You are invited to participate in this research project. This letter describes the project in straightforward language, or ‘plain English’. Please read this letter carefully and ensure that you fully understand the contents of this document before deciding whether to participate. If you have any questions about the project, please do not hesitate to contact me. This project has been approved by the RMIT Higher Education Unit and the Human Research Ethics Committee.

This project is about examining the nature of the private higher education industry (PHEI) in Malaysia, and identifying the important trends that have emerged since the implementation of the 1996 Private Higher Education Institutional Act in Malaysia, and the changes that have occurred with the industry in the since 1996. This study aims to provide more than just a historical narrative on private higher education in Malaysia, but to examine the different landscapes of the nature of private higher education.

You have been approached on the basis of your position and expertise, which would significantly contribute to the research. Participation is voluntary and you have the right to withdraw at any stage of the research process. If you agree to participate, you will have the right to withdraw at any time.
If you agree to participate, you will be required to participate in a tape-recorded interview, no less than one hour and thirty minutes in length. You will be asked various questions about your thoughts, feelings, opinions and experiences regarding the private higher education sector in Malaysia. Please provide me with a specific time and place for the interview, and where possibly your request will be fully accommodated. If you would like to examine a list of the interview topics and questions before you decide to participate please do not hesitate to request for them. Each tape-recorded interview will be transcribed and will be brought back to Melbourne, Australia for coding and analysis. Only the principle investigator will have access to all tapes and transcripts, which will be stored in a locked and secured facility outside Malaysia. Requests for copies of your tape-recorded interview and transcripts will be readily accommodated, and at your request you will also be able to examine the analysis of the data from your interview and remove any data before the research is submitted for assessment or published.

Your identity will remain confidential at all times, unless you give permission to publicly acknowledge you by your full name. As the principal investigator, I will be the only individual who will be able to see any documents that have your contact details. The results of the research will be initially published in the form of a thesis, in which pseudonyms or acronyms will be used for all participants. Parts of the thesis might later be used in later publications such as journals, conference papers or book chapters. Upon the completion of the thesis, research data will be kept securely at RMIT for a period of 5 years before being destroyed.

Participation in this study involves no perceived high-level risks outside you normal day-to-day activities. As a participant, you have:

- The right to withdraw at any time, without being subjected to any pressure or judgement.
- The right to have any unprocessed data withdrawn and destroyed provided it presents clear evidence that your identity can be revealed.
✓ The right to have the freedom to answer any question posed to you freely and honestly without being subjected to prejudice
✓ To have your identity protected at the highest level of discretion

While there are no financial benefits associated with participation in the project, the research will give voice to an important study of education in Malaysia and will greater enrich this research.

Should you have any further concerns please contact me on (613) 9925 1764 or email s9810979@student.rmit.edu.au. You can also contact my Dr. Christopher Ziguras on (03) 9925 2501 or email; christopher.ziguras@rmit.edu.au and all your concerns and questions will be handled in a confidential manner.

Yours Sincerely

Ruttigone Loh
Bachelor of Arts (Media Studies), Bachelor of Arts (Hons) (International Studies)

Any complaints about your participation in this project may be directed to the Secretary, RMIT Human Research Ethics Committee, University Secretariat, RMIT, GPO Box 2476V, Melbourne, 3001. The telephone number is (03) 9925 1745.

Details of the complaints procedure are available from: www.rmit.edu.au/council/hrec
APPENDIX 2: INTERVIEW QUESTIONS

**General Background questions**

1. Can you briefly tell me about your position within the organisation and what are your roles?
2. Can you briefly tell me about the services provided by your organisation?
3. How did you view the private higher education sector when it first emerged in Malaysia?
4. What is your view on how higher education institutions functions in terms of competency and quality as a private sector?
5. How much change, significant and otherwise do you believe you have witnessed in Malaysian private higher education?
6. Do you see any other changes in private higher education in the near future?
7. Do you foresee any changes made by the government in the Malaysian Plans affecting higher education and private higher education?

**Government policies and regulations**

1. Under the MOE (Ministry of Education), what are the compulsory legal practices in place to which private higher education institutes have to abide to?
2. Do you think that the regulatory boards are efficient? Please elaborate on your answer.
3. What changes do you believe need to be made to the board and why?
4. In terms of curriculum, have you experienced any limitations to what kind of curriculum can be taught and the methods of teachings that may be employed?
5. Do you see this as an impediment to the development of PHE in Malaysia?
6. How do you think the government tries to reconcile competing pressures of consumer demands and concerns about retaining the Malaysian identity?
7. Do you think this eclectic mix of programs in Malaysia helps its PHEI or retards its growth?
8. What issues of in PHE do you believe needs to be addressed urgently?
Institution Strategies

1. Can you tell me about your institution’s strategies for expansion raising its profile locally and internationally?
2. What about your strategies for student recruitment?
3. What are your institution’s strategies for academic training and development?
4. What are your key focuses? (e.g. expansion, upgrading, new collaborations)
5. What are the key challenges you believe you face in achieving your aims?