

“An Analysis of Globalization and Higher Education in Malaysia”

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ABSTRACT

This study aims to examine the impact of globalization on private higher education in Malaysia. The impact of globalization and the development of knowledge-based economy have caused much dramatic change to the character and functions of higher education in Malaysia. The major trend is the reforming and restructuring of private higher education in Malaysia to make it more competitive globally. If Malaysia is serious in turning into an “education hub”, strategies and policies have to be in place to attract international students to study with a local university with international standards.

Keywords: *Higher education, the impact of globalization, Ministry of Higher Education’s (MOHE) role, major trends and policies.*

1.0 INTRODUCTION

Globalization is a term frequently used in the world today, but its precise meaning is not always clear. Globalization and internationalization are sometimes interchangeably used so that the differences between them are not consistently defined. In higher education, there are a dizzying variety of definitions of both words. Higher education in Malaysia is delivered through both public and private systems under the jurisdiction of the Ministry of Education. In this paper, higher education system refers to the system that incorporates post-secondary education, namely colleges and universities. The bulk of the higher education is carried out by the country's public institutions but the private education sector also complements the efforts of the government by offering the opportunity to pursue higher education at a more affordable fee than is available elsewhere.

Higher education in Malaysia began with the formation of University Malaya in 1959. To date, twenty public universities have been established in Malaysia to cater for the increasing needs of business and industry (MOE, 2010). However, the public institutions cannot cater for the rising demand for higher education in the country. The private colleges began to emerge in Malaysia in the early 1980's but started to mushroom only when the Private Higher Educational Institutional Act (PHEIA) was enforced in 1996, allowing the private sector to enter the higher education market. There are now about 600 private higher learning institutions including eleven private universities in Malaysia that complement the work of public institutions in providing higher education. The most recent development amongst private colleges in the last decade was the introduction of twinning programmes where a local college enters into an arrangement with a foreign university and provides the first stage of degree course in this country, while the final part is taken at the university concerned overseas. Apart from public universities, and private universities and colleges, polytechnics were also established by the government in 1969 to provide training in engineering and commerce to students specializing in technical and vocational areas.

Tengku Shamsul Bahrin, President, Malaysian Association of Private Colleges: Free flow of information and knowledge has always been a major instrument in promoting globalization. Malaysia's liberal approach to higher education provides a host of opportunities for people from various parts of the world to come here to acquire knowledge at affordable prices. Malaysian colleges have been able to offer foreign academic programmes from established universities in the UK, Australia, New Zealand, US and Canada to students from a number of other countries. This way, Malaysia has become a "middle man" in the provision of higher education.

Dr. Ismail Rejab, Director, International Business School, Universiti Teknologi Malaysia: Globalization has created awareness amongst universities and other institutions of higher learning that they must foster working relationships with their overseas counterparts. This arises from the need to benchmark their performance with selected foreign universities in areas such as teaching pedagogy, course content and its market relevance, quality of the teaching faculty, learning facilities and work culture of the support staff.

Mass private sectors are present in countries where the provision of public higher education has been limited to relatively few institutions of high academic standing. The excess demand for higher education in these systems

has been absorbed through the rapid expansion of private institutions. In most mass private sectors the majority of students are enrolled in private institutions. However, it is not size that matters but the character of the private education that is decisive. The distinctive feature of mass private sectors is the accommodation of a large portion of students in low-cost, low-selective, and usually low-quality institutions. Following Geiger, "hierarchy is a prominent and inherent feature of mass private sectors. The peak institutions are usually the flagship national universities, but below the peaks institutional stratification depends upon much more than public or private status". However, other older, mature public universities and colleges usually enjoy greater prestige and are usually perceived as being of higher quality than private providers.

Private higher education institutions in mass private sectors are heavily dependent on tuition fees, demand-absorbing, and market-oriented. They usually offer few study programs, vocationally oriented, in high demand study fields, with mostly part-time academic staff and low tuition fees. The state plays a decisive role in the emergence and existence of such mass private sectors. States take such a course for a time in order to meet the demand for higher education, which the public sector is not able to absorb. In the majority of mass private sectors, the state does not provide any subsidies for private colleges and universities (Geiger, 1986). Therefore, the policy problem for mass private sectors is whether low-quality higher education is preferable to no higher education for large number of students, mostly from lower socioeconomic backgrounds. The response of government to the proliferation of low quality private higher education has generally been extensive regulation of the content and method of instruction in an effort to uphold minimum standards, usually with the introduction of state accreditation. Governments also attempt to rein-in the proliferation of new private higher education by introducing more strict requirements for opening private institutions (Scott, 1998).

2.0 GLOBALIZATION ERA

In today's globalization era, knowledge is increasingly a commodity that moves between countries. The growth of the knowledge-based economy has led not only to competition among employers worldwide for the best brains but also among the institutions that train the best brains. Globalization is seen here as the root cause of changes taking place in higher education and can simply be defined as ".....the flow of technology, economy, knowledge, people, values, ideas.....across borders" (Knight, 1999). The traditional form of cross-border flows in higher education has been for students to migrate from one country to another to advance their studies. Several economic and social factors encourage international student mobility and competition between countries for foreign students (Clark and Sedgwick, 2005, OECD, 2004).

One of the dramatic changes in the private higher education in Malaysia in recent years (since mid 1990's) has been to adopt the higher education of foreign developed nations. By this adaptation, many foreign campuses have been set up to cater for a vast majority of local students and some international students. Malaysia is then viewed as an "educational hub" by foreign partners who are keen to work closely with private education institutions for a win-win solution. There are vast numbers of definitions of the term "globalizing higher education". Further, this term is often used interchangeably with terms such as "cross-border" higher education, "borderless" higher education or "multinational" higher education. For example, according to UNESCO, the term "transnational education" is generally defined as education "in which the learners are located in a country different from the one where the awarding institution is based" (UNESCO/Council of Europe, 2000).

Similarly, Jane Knight has argued that, transnational and borderless as well as cross-border education are terms that are being used to describe real or virtual movement of students, teachers, knowledge and educational programs from one country to another (Knight, 2002). In 1995, the 20 percent of Malaysian students who were studying abroad cost the country around US\$800 million in currency outflow, constituting nearly 12 percent of Malaysia's current account deficit (Silverman, 1996). While part of the solution was to increase the capacity of public universities (Neville, 1998), the government saw the local private sector as the key means of reducing this currency outflow and in the long term of transforming Malaysia into a net exporter of tertiary education (Ismail, 1997). With the passage of the Private Higher Educational Institutions (PHEI) Act 1996, the government formally began to encourage the private sector to play a complementary role in the provision of tertiary education. As a result of these measures, by the end of 1999 the proportion of young Malaysians between 17 and 23 years of age in tertiary education had increased dramatically to 22 percent, with 167,507 enrolled in public universities and an estimated 203,391 in private institutions according to government figures (Johari, 2000). By 2000, there were 11 public tertiary educational institutions, seven new local private universities, three foreign university branch campuses and more than 400 private colleges approved by the Malaysian Government (Challenger Concept, 2003).

One of the most important developments of recent years is that governments have come to realize the key contribution of higher education in global national positioning, creation of national wealth and welfare and

attracting significant foreign exchange. New private universities and branch campuses of foreign universities may only be established following an invitation from the Minister of Education. The PHEI Act of 1996 was amended in 2003 in response to new challenges in the provision of private higher education. Specifically, the amended act provides for the establishment and upgrade of private universities, university colleges and branch campuses of foreign universities in Malaysia. Indeed, several private higher educational institutions were subsequently upgraded to university colleges. The number of international students in Malaysia has been increasing between 1996 and 2008 with the liberalization of education. Overall, the market in Malaysia experienced a 42.7 percent year-on-year growth between 1997 and 2007. It is reported that although the number of international students in Malaysia has fallen in 2003 from the previous year, the number continues to increase within leading educational institutions both in the private and public sectors (PWC Consulting, 2008).

The presence of a large number of foreign programs in Malaysia has brought the expected trade benefits and Malaysia is already making progress in its quest to become a net exporter of tertiary education by 2020 (Malaysia, 1999). There has been a rapid growth in the number of international students studying in Malaysia, jumping from 5635 in 1997 to 45, 636 in 2008 (Education Quarterly, 2009, Lee, 2009). Similar to many developing countries across the world, education at the highest level in Malaysia is used as a vehicle by the state for nation-building agenda that promotes national unity, alleviates poverty and bridging up the social disparity gaps. This nationhood agenda is of paramount importance to the policymakers in light of the ethnic diversity of the country. Bearing this in mind, the massification of higher education, the increasing cost burden, and the global trends in restructuring higher education, the government response can be seen in various policy initiatives that paved the way for the liberalization and privatization of the higher education sector (Morshidi, 2006).

3.0 PRIVATIZATION OF THE HIGHER EDUCATION SECTOR

The restructuring of higher education worldwide has seen the shift in thinking of education as a pure welfare or social good to one that is subject to market principles. The World Bank and OECD have been instrumental in encouraging governments to change their public policy based on social good to one based on economic good (Currie and Vidovich, 2000). The World Bank Report of 1994 on Higher Education urged countries to reduce their universities’ overdependence on a single (state) source of funding; and to diversify towards more money from tuition fees, consultancies and donations. This stems from the thinking that the benefits of education is made up of two major components – social benefits that accrued to the society at large and also the private benefits that goes directly to the recipient of the education. Countries are dismantling centralized bureaucracies to quasi markets with emphasis on parental choice and competition (Whitty and Powell, 2000). This marketisation and corporatization of what used to be a public good may best be seen as in the following Figure 1 below.

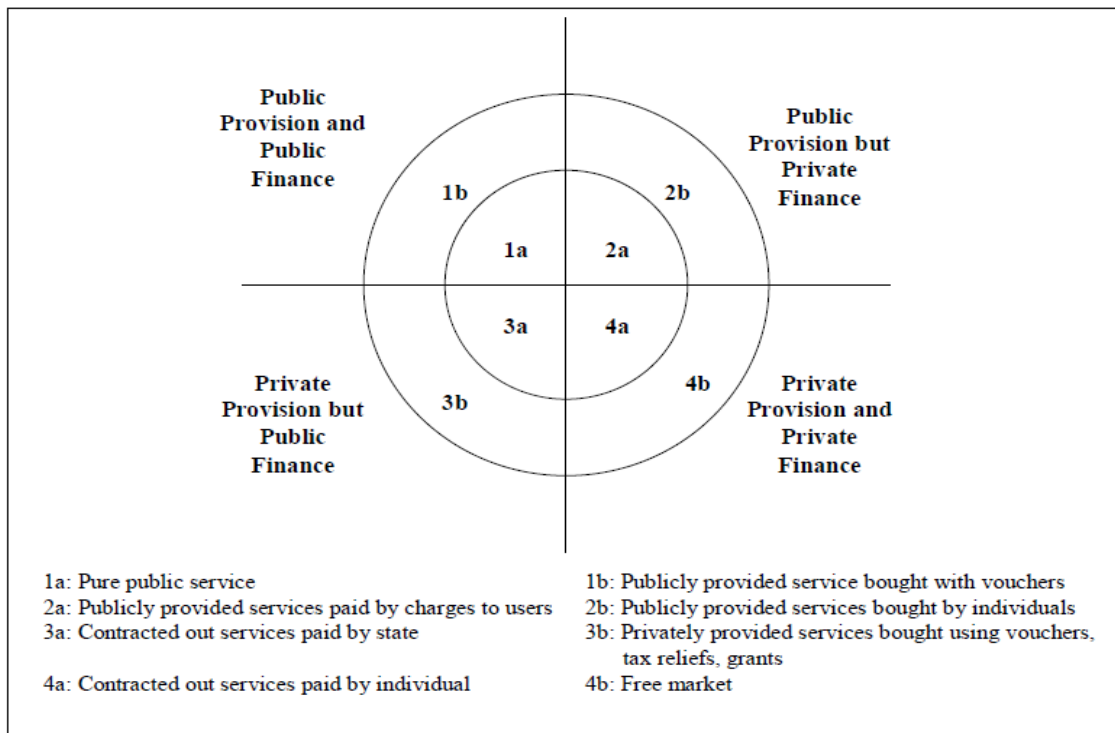


Figure 1: Spectrum of Marketisation and Privatisation of Welfare
 Source: Whitty and Powell (2000)

Thus, the introduction of market principles into the education sector has seen a whole gamut of types of higher education institutions from the creation of fully private for profit institutions, to institutions that are largely government funded but having undergone reforms to incorporate market principles in their operations, which are commonly referred to as corporatized institutions (Currie and Vidovich, 2000). Just as there is a whole range of modes of privatization and marketisation of higher education institutions, there is also a whole host of reasons for the growth of private and corporatized institutions.

Another reason that supports the growth of private higher education is the declining capacity of public institutions to meet the increasing demand for tertiary education. This is the “overcrowding” thesis where over-subscription of the public systems leads to migration of unsatisfied demand to the private sector (Oketch, 2004). This is particularly true in rapidly expanding developing nations, as education is perceived as the quickest route for social mobility.

Another reason cited for the growth of private educational institutions is the differentiated demand thesis, where the needs of particular social groups can only be catered through the private delivery system. This is true in many cases of denominational private higher education institutions in countries such as the Philippines, Brazil and Kenya. Some evidence of it is also seen in Malaysia at one stage. However, the one common theme that drives privatization and marketisation of higher education institutions the world over is the impact of globalization and its imperatives of competition, commercialization, deregulation, efficiency and accountability.

The privatization of the education sector in Malaysia is part of the devolution of the education system. It is a political move on the part of the government to meet the excess demands for tertiary education (Lee, 2002). This upsurge in demand for tertiary education in Malaysia resulted from two major factors: (1) the government’s decision in 1991 to extend free basic education from nine years to eleven years and (2) the escalating tuition fees in overseas institutions which have reduced this access to higher education. One unique feature of the expansion of the private higher education sector in Malaysia is the influx of transnational education, where private higher education institutions offer foreign linked degree programmes to the locals. These foreign-linked programmes take on a variety of forms where the proportion of time a student has to spend in their overseas institutions ranges from zero to about 50 percent. Further, the ownership of the private higher education institutions is also diverse to include private investors, government-linked companies, major political parties and also foreign owned (in the form of branch campuses of foreign universities). Though the majority of these private higher education institutions are for-profit organizations, social responsibility issues are also pertinent for those owned by political parties and government-linked corporations.

As seen earlier, the growth of private education can be for any number of reasons. In the case of Malaysia however, the private higher education institutions are seen as a conduit to absorb the spillover of the excess demand for tertiary education, not met by the public system. This does not mean, however, that the public capacity is shrinking. In fact, the number of public higher education institutions has increased many folds; from a total of 6 before 1984 to 20 now, with the intake increasing at an average of 10 percent per annum. However, the rate of increase in demand far outpace the growth in number of higher education seats in the public sector, that it is inevitable for the government to liberalize and transfer some of the responsibility for higher education to the private sector.

Another important role that the private higher education institutions have is in fulfilling the government’s aspiration to make the nation a centre for educational excellence in this region. Education is a lucrative economic sector with a global annual fee income estimated at US\$30 billion, and this market has been growing at an annual rate of seven percent since 1990s (Economist, 2005). Given the relative importance placed by Asian parents on tertiary education, this economic potential has yet to tap into successfully by the Malaysian government. Further, the financial crisis of 1997 in this part of the world has exposed the serious economic impact in foreign exchange outflow of depending on foreign (Western) education for their nationals. The public education system, with the primary language of instruction being Bahasa Malaysia and the resource constraints it faced, is perceived to be unattractive for potential foreign students from this region, and cannot cater for any significant increase in numbers. Private higher education institutions with lesser demand on it by the government will be able to cater for the needs of foreign students.

4.0 CHALLENGES FOR HIGHER EDUCATION

Education and more particularly higher education are seen as a major foundation in implementing the complex process of globalization. With the advent of globalization, advanced information technology and increased transnational travel, higher education services have already been expanding beyond territorial boundaries either electronically or through physically-based campuses. Exporting higher education services emerged in the late

1980s and early 1990s and is now becoming global, market-oriented and private industry prevailing not only among those developed countries but also in the Asia Pacific region. For instances, Australia and Singapore have already established their international networks by setting up international academic offices and collaborating with partner institutions to attract overseas students to study in their own countries. Australia is now the third largest provider of education to overseas students in the world after USA and United Kingdom (Dunn and Wallace, 2004; Marginson, 2002).

Higher education, as a consequence, has moved from a peripheral to a central position in the responses of governments to globalization; it is a key factor in the developing countries, evidenced by the World Bank's "Task Force Report on Higher Education in Developing Countries" (2000); it is undoubtedly viewed as crucial to the developed countries, as illustrated in a number of chapters in this book (Lillie, Sporn, Marginson et al). Peter Scott (writing in the Globalization of Higher Education) pointed out that "all universities are subject to the same processes of globalization – partly as objects, victims even, of these processes but partly as subjects or key agents of globalization" (Scott 1998). They are positioned within national systems "locked into national contexts and the majority are still state institutions. Yet globalization "is inescapably bound up with the emergence of a knowledge society that traders in symbolic goods, worldwide brands, images as commodities and scientific know-how" (Scott 1998).

In fact, policies on globalization of higher education have been moving towards the rising Asian populated countries such as India, China, Indonesia and Malaysia. Asia will dominate the global demand for international higher education for the next two decades. In forecasting global demand for international higher education, Bohm, Davis and Pearce (2002) found that the global demand for higher education is poised to grow enormously. The demand is forecasted to increase from 1.8 million in 2000 to 8.4 million international students in 2025. Asia will represent some 70 percent of total global demand and an increase of 31 percent from the year 2000. The significant demand for higher education in Asian countries is provided for by the Organization for Economic Co-operation and Development (OECD). Table 1 below shows the share of tertiary foreign students in OECD countries.

On the one hand, globalization is seen to create pressure on the education system to produce de-contextualized and human capital-oriented knowledge. The highly globalized sectors of the economies require that students in school learn certain basics but they also have to become creative, innovative and flexible and to find new solutions to new problems (Adler, 1992). On the other hand, in strongly multi-cultural countries, ethnic groups place a demand on nation states for local and contextualized knowledge and so on. Furthermore, education is under pressure to adapt to a "world model" (Meyer et al., 1997) but also to respond to national and local forces.

Table 1 – Share of Tertiary Students Abroad within the OECD Countries

Countries	Share of Tertiary Students Abroad within the OECD Countries
1. China	7%
2. Korea	5%
3. Japan	4%
4. India	3%
5. Malaysia	3%
6. Hong Kong	2%
7. Indonesia	2%
8. USA	2%
9. Morocco	3%
10. Italy	3%
11. Germany	4%
12. France	3%
13. Turkey	3%

Source: From OECD Education Data Base, 2009

In the mid 1990s, four educational acts were implemented: the Education Act of 1995, the 1995 Amendments to the University and University Colleges Act of 1971 (1995 Amendments to the UUCA 1971), the Private Higher Education Institutions Act of 1996 (PHEI 1996) and the National Council on Higher Education Act of 1996 (NCHEA 1996). With the implementation of the PHEI Act of 1996, the private sector increased its involvement in providing tertiary education (Malaysia, 2001). The Act allowed private institutions of higher education and

foreign universities to establish franchises and degree courses. In particular, private-sector universities were encouraged to offer science and technology courses in order to increase enrollment at higher educational institutions and to produce a greater number of highly skilled graduates (Malaysia, 1998).

To meet the demands of changing market economies Malaysia is evolving from a production-based economy to an innovative, knowledge-based one that requires the development of a highly skilled and knowledgeable workforce. To ensure the growth of this critical workforce, there needs to be increased accessibility and flexibility to higher education. To date, Malaysia has close to 20 public-funded universities, 37 private universities and university colleges and approximately 460 private colleges (Ministry of Higher Education, 2010). Besides these, Verbik and Lasanowski (2009) highlighted that the increase of foreign students in Malaysian institutions of higher learning and other international comparatives has made Malaysia one of the “emerging contenders” as an international market for foreign students. While such expansion is taking place, Malaysia is challenged to address some crucial issues related to higher education. Firstly, there is a quest for Malaysia to become a regional hub for educational excellence providing world-class university education. In order to fulfill this noble aspiration, higher education institutions have come under greater public scrutiny since no Malaysian institute of higher education secured a position in the Top 100 in the recent Times Higher Education (THES) World University Rankings 2009 (The Star, 13 November 2009).

According to the Malaysian Association of Private Colleges and Universities (MAPCU), there were some 512,000 students at private institutions of higher learning as at December 2010. This accounted for slightly more than 50 percent of the total enrolment in both public and private universities and colleges. There are no two ways about it: the private sector’s involvement in education over the last few decades has contributed significantly to the nation’s progress. “Private education has been absolutely central to the development, stability and harmony of Malaysia for the past 25 years”, says Mark Disney, Chief Operating Officer, (Asia) of London Chamber of Commerce and Industry (LCCI), which provides vocational and business qualifications. “It is the engine room for developing outward-looking graduates and it is the reason why Malaysia can legitimately call itself a regional educational hub”.

5.0 GLOBALIZATION AND HIGHER EDUCATION IN MALAYSIA

Globalization is defined as the broad economic, technological and scientific trends that directly affect higher education and are largely inevitable in the contemporary world. It encompasses markets and competition between institutions and between nations, but it is also much more than that. The new public management and marketisation (Marginson, 1997) pre-date the Internet and are not reducible to a function of globalization *per se*. One can occur without the other. Nevertheless, in important ways reforms based on new public management have become generatively joined to a particular kind of globalization. The transmission of reform templates is global in scale, and has rendered the different national systems more similar to each other in form and organizational language. One justification for reform is that competition, performance funding and transparency render institutions and systems more prepared for the global challenge. “We are living in a period of crisis”, declares Michael Apple (2001), referring to the era of globalization. According to him, “the crisis has affected all of our economic, political and cultural institutions” (Apple, 2001). In the context of globalization, higher education systems have become sites for competition and contestations of various kinds in various societies. The competition and contestation for access and equality has become inevitable as there are higher levels of demand for fewer places in higher education and employment and therefore calls for the attention of policy makers and sociologists to examine the impacts of globalization on strategies adopted to include the hitherto historically excluded social, ethnic and racial groups on the one hand and to achieve the requirements of the emerging labor market, industry and the global system of higher education on the other.

In this context, the study of Malaysia provides an opportunity to learn and understand the experiences of countries that have adopted neo-liberal economic reforms to address and balance the challenges posed by globalization. The forces of globalization drive the state to initiate policy reforms to achieve excellence, relevance and marketability of the higher education system and the local ethnic polarizations work in diagonally opposite directions by demanding equity in opportunities, access and treatment.

The term “globalization” has become short hand for the condition of our time (Wagner, 2004) suggesting that some world-wide processes have begun to shape each and every walk of our lives. If globalization is such an encompassing change in our condition, then there is a good reason to assume that educational systems are also affected by it (Daun, 2003). Many nations are now witnessing a transformation in the ways in which education systems are organized, controlled and managed. “The period after nineties saw fundamental changes in the structure and nature of educational institutions, in the organization of the curriculum, in the nature of teachers’ work and professionalism and in the aims and purposes of assessment” (Philips and Furlong, 2001). It is also a

period which has been characterized by profound and often confrontational debates over the nature and purposes of higher education in society, particularly those between education, the economy and the society. Specifically, institutions of higher education now face new pressures and demands for accountability, access, quality and the introduction of new technologies and curricula (Altbach and Davis, 1998).

Globalization pressures have made it imperative upon governments to ensure that the public higher education institutions to become more competitive and at par with its global counterparts. At the local front, there is a growing demand for enhanced accountability and transparency of public institutions as policy makers ponder on the escalating cost of funding these public institutions. In 1995, the Universities and University Colleges Act of 1971 was amended to pave the way for the corporatization of public institutions, and by 1998 five of the older public universities were corporatized. Through corporatization, these institutions are expected to generate more and more of their operating expenses through sources other than the government. The drive to make Malaysian institutions to be world class also sees the growing emphasis on research and the greater accountability of research productivity. This requires greater liberalization of public higher education from the bureaucratic shackles of the central administration, to allow for greater dynamism at institutional level to respond to the changes quickly. This corporatization era has seen greater infusion of corporate practices such as quality assurance, capital budgeting, governance and many more into the corporate culture of public universities.

6.0 CONCLUSION

There is little doubt that these broad trends will continue into the future. Academic institutions, departments and individuals must all understand the implications of the new global environment. It is, of course, possible to develop strategies and approaches to cope with the pressures and impact of globalization on higher education. An important element of the pressures surrounding the impact of globalization on higher education in Malaysia arose from the penetration of transnational education service providers in the Malaysian tertiary education landscape (Sirat, 2003). During the 1990s, opportunities and challenges resulting from globalization confronted the higher education sector in Malaysia. Admittedly, these private higher education providers have in some ways threatened the traditional “monopoly” of local (public) higher educational institution in the provision of tertiary education in Malaysia. The 1969 Essential (Higher Education Institution) Regulation has effectively barred private sector providers from conferring degrees and most importantly, foreign higher educational institutions were not allowed to establish branch campus in Malaysia. With the onset of globalization in Malaysia in the late 1980s and coupled with other global developments and domestic pressures, private higher education institutions offering pre-university courses, twinning and franchise programs were introduced. These important developments were the precursors to significant reforms in higher education in Malaysia. Globalization clearly presents new opportunities, challenges and risks for higher education. For Malaysia in the next five years, the government’s strategic objective to turn the country into a “regional educational hub” by fully endorsing and implementing an action plan suggests that globalization will impact further the Malaysian higher education sector.

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