

---

## Education, Ethnicity and Economics:

---

### Higher Education Reforms in Malaysia 1957–2003

---

MACHI SATO

*This article focuses on the historical development of Malaysian higher education and higher education policy since Malaya achieved its political independence in 1957. It primarily discusses the development of public universities. There are three key periods to consider in terms of the development of higher education policy: from the independence of Federation of Malaya to the 1969 Riots, after the Riots to 1990 (the New Economic Policy policy), and from 1990 to Mahathir's retirement in 2003. The most significant changes took place in 1975 and 1996. Changes in the structure of higher education in Malaysia have generally taken place as a reaction to changes in the economic or political environment, and have primarily come about through Government directives. More recently, the Malaysian Government has sought to develop economic gain through the development, control, and internationalization of University Education in Malaysia.*

It is generally understood that since Malaya's political independence in 1957, Malaysia's education policy has been predominantly influenced by the nation's broader economic and political policies.<sup>1</sup> Given the country's multi-ethnic population, currently totaling 23.27 million—65 per cent Bumiputera<sup>2</sup>, 26 per cent Chinese, 7.7 per cent Indian, and one per cent from other ethnic groups<sup>3</sup>—the government's greatest challenge has always been to develop a national identity that is acceptable and capable of uniting all ethnic groups. It is under this guise that education policy in Malaysia has been developed and implemented in the past.

Under British control (1832–1946) each of the three principal ethnic groups—Malay, Chinese, and Indian—had their own primary schools, and they used their own languages in the schools as the medium of instruction. The “divide and rule” policies which characterized British colonial rule facilitated the establishment of an education system suited to British interests (Andaya & Andaya 1982).<sup>4</sup> At that time, higher education was a means of creating an elite class among the Malays who would cooperate with the colonial administration. As a result of colonial policies and the segmented colonial education system, when Malaya achieved independence in 1957 it faced serious divisions in economic and political status along ethnic lines. The independent government faced a huge challenge in creating a sense of nationhood among the people.

1. This idea is shared among scholars such as, Abd Rahim Abd Rashid, Molly N. N. Lee, Murray R. Thomas, Tan Ai Mei, and Viswanathan Selvaratnam.

2. Bumiputera means “sons of soil” which include Malays and other indigenous people.

3. Jabatan Perangkaan Malaysia (Department of Statistics.) Buletin Perangkaan Sosial Malaysia [Social Statistics Bulletin], (2001) Putrajaya, Jabatan Perangkaan Malaysia. Chart 1 and 2.

4. For more detail on development of education during the pre-independence period, refer to Seng, P. L. F., (1975). *Seeds of Separatism: Educational Policy in Malaya 1874–1940*. K.L.: Oxford University Press.

As a result of bargaining between the three major ethnic parties, it was decided that citizenship would be obtained by non-Malays by virtue of *jus soli*, meaning the automatic conferment of citizenship on all persons born in the Federation. In return, non-Malay communities agreed to special provisions in the constitution protecting Malay interests and identity: making Islam the religion of the Federation, Malay the national language, preserving Malay land rights, preserving the sovereignty, and prerogatives and powers of the Malay Rulers, and several other provisions which are particularly relevant for education (bin Hashim, 1976).

The leaders drafting the Constitution were convinced that for the establishment of racial harmony and national unity, it was necessary for Malays and other indigenous people to be given more educational opportunities so that they would be able to play a greater role in the nation's economy. Article 153, that guarantees the "special position of the Malays," states that the Yang di-Pertuan Agung (King) may reserve for Malays such proportions as he may think reasonable of (a) positions in the public service of the Federation; (b) scholarships, exhibitions and other similar educational or training privileges or special facilities given or accorded by the Federal Government; and (c) permits or licenses required by federal law for the operation of any trade or business (Milne & Mauzy, 1978, p. 37).

### **Educational Legislation in the 60s: Independence and Ethnic Harmony**

Prior to independence and the enactment of the Education Act 1961, Education Committees led by Tun Abdul Razak in 1956 and by Abdul Rahman Talib in 1960 were formed to study the education system and to formulate an educational development plan. Both reports emphasized the need to create a new national identity through the education system (Singh & Mukherjee, 1993, pp. 89–102). The Razak Report argued that the "ultimate objective of education policy ... must be to bring together the children of all races under a national educational system in which the national language is the main medium of instruction" (Report of the Education Committee, 1956 as cited in Chee, 1979). The Talib Report also emphasized the need to adopt the national language as the main medium of instruction and further proposed the need to take steps to make the University of Malaya (UM) a bi-lingual university with English and Malay as the medium of instruction (p. 328).

The Education Act, instituted in 1961, reflected Prime Minister Tunku Abdul Rahman's efforts to create harmonious relations among the country's core ethnic groups. In his view, political stability in Malaysia, *inter alia*, meant interracial understanding and cooperation (Hirschman, 1979, pp. 67–83). During this period, the government ambitiously sought to create ethnically harmonious relations by using education as a tool, rather than concerning itself with the social and economic benefits education would potentially provide for society. The government had taken only gradual steps towards restructuring the university, and thus the university itself enjoyed a high level of institutional autonomy (Selvaratnam, 1989, p. 196).

In 1960, the Federation of Malaya saw the necessity of having an exclusively national university within its own territorial boundary. The necessary legislation arrangements were made and in 1962, the former University of Malaya, established under British rule in 1949 with campuses in Kuala Lumpur and Singapore, became two separate universities: the University of Singapore and the University of Malaya (Selvaratnam, 1989). In 1962, the University of Malaya (UM) had only 1,341 students and many of its graduates were absorbed into the governmental sector (Lee, 2004, p. 41). As there was not a sufficient local community of scholars, UM was initially staffed by a large number of expatriate academics (Selvaratnam, 1989). It remained the only public university until 1969 when a second university, Universiti Sains Malaya (USM), was established in Penang.

In 1962, the Higher Education Planning Committee was formed under the chairmanship of the Minister of Education to develop and improve the higher educational sector. Its report, published in 1967, provided the road map for the creation of new universities in Malaysia. The Committee saw the importance of developing education in relation to economic, social and cultural demands and thus, assuring the local development of human resources. According to Donald Snodgrass, the Committee's approach complied with the vocational theory of education, which holds that different levels and types of education are designed to prepare students for different types of work (Snodgrass, 1980). Understanding the importance of science and technology for the nation's development, the Committee had emphasized the need to expand science education in order to meet the needs of development, and it recommended the establishment of a University College in Penang by 1970, which later became USM, and the conversion of the Technical College in Kuala Lumpur to a College of Technology from 1969 based on the recommendation that, on a long term basis, 20 percent of the relevant age groups should be provided with facilities for higher education ("Penyata Jawatan-Kuasa," 1967, Section 168). The Committee also urged higher education institutions to deliver more courses in the national language ("Penyata Jawatan-Kuasa," 1967, Section 276). Based on these recommendations, it was decided to expand higher education, with emphasis on scientific and technical disciplines ("Penyata Jawatan-Kuasa," 1967, Section 275–283).

By the mid-60s there was increasing dissatisfaction among the Malay population with the government's ability to alleviate poverty in Malay communities (Torii, 2001, p. 134). In 1966, *Majlis Amanah Rakyat* or the Trust Council for Indigenous Peoples (MARA), was established to improve the social conditions of the Bumiputera. The Education and Training division of MARA aimed to increase the number of skilled Bumiputera, "sons of soil" which include Malays and other indigenous people, by implementing educational and training programmes for them.<sup>5</sup> Scholarships and loans were provided for students and MARA also set up its own educational institutions, such as the Institut Teknologi MARA.<sup>6</sup>

### **The New Economic Policy: Riots to State Control**

The outbreak of severe ethnic riots in 1969 served as a wake-up call to the government as to the serious nature of ethnic divisions in Malaysia. The attitude of the government changed dramatically, becoming far more interventionist, and embarking on an ambitious restructuring of society under the guise of the New Economic Policy (NEP), which would run from 1970 to 1990. Under the NEP, the Ministry of Education tightened its control of higher education institutions. With the introduction in 1971 of the Universities and University Colleges Act (UUCA), the Ministry of Education began to influence university policies directly.

The riots on May 13th 1969 erupted following the general election, which saw the Chinese-dominated opposition make sizeable gains at the expense of the Malay-dominated ruling coalition. A National Operations Council (NOC) was established under Tun Razak's chairmanship to study the causes of the riots and respond to what was seen as a national emergency. The NOC's

5. The predecessor of the MARA is the Rural and Industrial Development Authority or RIDA, which was also concerned with the problem of Malay poverty. Gale, B. (1981). *Politics and Public Enterprise in Malaysia*. Selangor, Malaysia: Eastern Universities Press Sdn. Bhd., Chapter 3.

6. It was established as an experimental center in 1956, which was renamed MARA College in 1965. In 1967, MARA College was again renamed Institut Teknologi MARA, and later became Universiti Teknologi MARA (UiTM) in 1999.

first major recommendation was that part of the 1957 Constitution be amended to give Parliament the authority to pass laws curtailing protest.<sup>7</sup> The amendment focused on the so-called “sensitive issues” of citizenship, national language, sovereignty of the rulers and the special position of Malays in Malaysian society. Through the amendment of Article 63 and 72, these issues were effectively removed from public debate, even in the Parliament.

The National Operations Council concluded that one of the triggers of the ethnic riots was the economic disparity that existed between the Malays and Chinese. Following the 1969 riots the New Economic Policy was formulated as a broad attempt to alleviate economic inequalities and to try to prevent further inter-ethnic conflicts. Its primary objectives were the “eradication of poverty” and “restructuring society and economic balance” (Milne & Mauzy, 1978, p. 326). A key element of the NEP would be education, in light of the government’s efforts to target the ethnic pattern of employment.

During the 1950s and 1960s, enrollment at higher education institutions had been predominantly non-Malay, especially ethnic Chinese. For example the percentage of Malay students in UM in 1960 was only 22 per cent as compared to 78 per cent of non-Malay students although Malays accounted for roughly 60 per cent of the population (Sugimoto, 2005). The government realized that while enough Bumiputera were getting into primary and to some extent secondary education, not enough were then proceeding to university (bin Hashim, 1976). The NOC appointed a committee under the chairmanship of Dr. Abdul Majid b. Ismail to study students’ activities at UM campus. The study revealed between 1968–69, for example, only 1,825 out of 5,566 students were Malays and only a small number of them were studying science (bin Hashim, 1976). In its report to the government, the committee argued:

... the University should state clearly that it is university policy to ensure as far as possible that the racial composition of the student population not only in the University as a whole but on faculty by faculty basis should reflect the racial composition in the country (Tham, 1979, p. 334).

This statement regarding the ethnic composition in universities led to the imposition of a “quota system” which regulated entrance to universities.<sup>8</sup> It was decided that 55 per cent of the places at public universities would be secured for Bumiputera students, and that quotas could be applied on a course by course basis. A provision empowering the government to do this was included in

7. The amendment prohibited: “the questioning of any matter, right, status, position, privilege, sovereignty or prerogative established or protected by the provisions of Part of the Constitution (Citizenship), Article 152 (the National Language), Article 153 (Special Position of the Malays and the Legitimate Interests of the Other Communities), or Article 181 (the Sovereignty of the Rulers)” (Milne & Mauzy, 1978, p. 96). Article 152 of the 1957 Constitution of the Federation of Malaya establishes Malay as the country’s national language, and states that it must be used for official purposes. The Constitution adds, however, the King might “permit the continued use of the English language for such official purposes as may be deemed fit (“National Language Act 1967,” Section 4).” When it comes to education, it reads that no person may be prohibited from using or from teaching or learning any other languages. The government allotted itself ten years to examine the question of national language. To overcome the deficiencies of Malay and to standardize and upgrade the language, the *Dewan Bahasa dan Pustaka*, the Language and Literary Council, was created in 1959 (Mauzy, 1985). On 1st September 1967, the National Language Act was instituted to put emphasis on Malay as the sole national language. Regarding the medium of instruction at educational institutions, the Act states that all officially recognized educational programs are to be conducted in Malay (Roff, 1967, p. 316). This meant public universities were also required to change the medium of language from English to Malay.

8. International Islamic University has a separate set of admission criteria.

the amendments to the Federal Constitution in 1971.<sup>9</sup> Besides the quota system the government also implemented various affirmative action policies such as awarding scholarships to Bumiputera students and establishing special matriculation courses and colleges exclusively for Bumiputera students. Throughout the 1970s and 1980s, the government increased the number of public universities, particularly in rural areas, in order to enable more Bumiputera students to gain access to university.

The result of admission quotas and other affirmative discrimination policies was an increase in enrollment at universities among Bumiputera students from 22 per cent in 1960 to 74.6 per cent in 1990. During the same period, the proportion of non-Malay students declined from 78 per cent to 25.4 per cent (Sugimoto, 2005). The result of affirmative discrimination policies, however, was that universities lost their ability to control admissions, as intake was no longer based on academic merit alone.

**Table 1: Enrolment at Universities in Malaysia, by Ethnic Group in Percentage**

	No. of public universities	Malay students	non-Malay students
1960	1	22.0	78.0
1970	3	54.2	46.8
1980	5	63.1	36.9
1985	5	67.0	33.0
1990	6	74.6	25.4

Source: Sugimoto, 2005, p. 193.

In 1971 the Universities and University Colleges Act (UUCA) was implemented in order to “provide for the establishment, maintenance and administration of Universities and University Colleges and for other matters connected therewith” (Universities and University Colleges, 1971). This Act gave the Ministry of Education full control over all the universities in the country. Subsequently, each university had to refer to the Ministry on almost all issues, from the creation of new courses to the establishment of new administrative posts.

The effect of increased government control over tertiary education is evident in the specialization of the four new institutions at about this time. Universiti Sains Malaya (USM) in Penang was founded in 1969. Initially, USM offered science courses, and only later expanded its curriculum to offer Arts and Education courses. Its overall education goals were to provide for Malaysia’s increasing manpower needs in science, industry, social and welfare services, health, and education. In 1970, Universiti Kebangsaan Malaysia (UKM) was created, and it was the first

9. Malaysian Constitution: Article number 153.

(8A) Notwithstanding anything in this Constitution, wherein any University, College and other educational institution providing education after Malaysian Certificate of Education or its equivalent, the number of places offered by the authority responsible for the management of the University, College or such educational institution to candidates for any course of study is less than the number of candidates qualified for such places, it shall be lawful for the Yang di-Pertuan Agong by virtue of this Article to give such directions to the authority as may be required to ensure the reservation of such proportion of such places for Malays and natives of any of the States of Sabah and Sarawak as the Yang di-Pertuan Agong may deem reasonable, and the authority shall duly comply with the directions.

university to use Bahasa Malaysia as a medium of instruction in all areas of study.<sup>10</sup> To meet the growing demand for places in the university, the fourth university, Universiti Putra Malaysia (UPM), formerly known as Universiti Pertanian Malaysia (Agricultural University of Malaysia), was established in the following year after a merger between the Malayan College of Agriculture and the UM's Faculty of Agriculture. Lastly, Institut Teknologi Kebangsaan was upgraded to Universiti Teknologi Malaysia (UTM) in 1975 and offered courses in science and technology.<sup>11</sup> As Lee (2004) observes, the Ministry of Education played a dominant role in planning and coordinating the development of university programmes so as to avoid "the duplication of courses of study" (p. 41).

Government control was not restricted to an administrative level but extended to controlling students' activities. As the number of universities increased, more students from rural and poor families obtained places in the universities. Students began to raise vital issues relating to the lives of the people, especially the poor peasants (Crouch, 1996; Hassan Karim & Hamid, 1984). Prior to the amendment of the UUCA in 1975, student groups, especially Malays, demonstrated almost continuously on issues concerning tertiary institutions and national politics (Funston, 1980). On the 29th August 1969, police invaded UM campus to break up a demonstration against the Prime Minister and detained several students. This was the first time that the police had ventured on to the campus and it was considered a violation of university autonomy by students. As the number of universities and higher learning institutions increased in 1970s, with most of them located around Kuala Lumpur, the government began to fear the growing student protest movement.

The December 1974 demonstration to support the struggle of the peasants proved to be a turning point. It resulted in mass arrests, restrictions on scholarship-holders, and amendments to the UUCA. Thousands of student demonstrators took to the streets demanding immediate action against corruption. As a result, some 1,169 students and others were arrested, along with the leader of the Malaysian Islamic Youth Movement (ABIM) Anwar Ibrahim. In the wake of these demonstrations, the Minister of Education, Dr. Mahathir Mohamad, reacted forcefully. In 1975, the UUCA was amended, prohibiting students from joining or "allying themselves" with political parties, trade unions, or "any other organization, body or other group" without the written permission of the vice chancellor (Crouch, 1996, p. 93). All student organizations were dissolved and instead, the Government set up Student Representative Councils (Hassan Karim & Siti Nor Hamid, 1984). Members of staff, officers and employees of the university were also prohibited from holding office in political parties and because they were classed as public servants, the Official Secrets Act and the Printing Presses and Publication Act were also available to regulate their publications and public statements.

While reforms to higher education clearly favoured Bumiputera students, non-Bumiputera communities were left almost powerless. One issue in particular, namely the campaign for the creation of Merdeka University (Independence University), illustrates non-Bumiputera's inability to affect educational policies. The idea of creating a Chinese language university, known as Merdeka University, was first proposed by Chinese Guilds and Chambers of Commerce in 1967, when Malay was introduced as Malaysia's official language. The proposal was the consequence of a perceived denial of educational opportunities to Chinese in the universities and colleges

10. The idea of establishing this university was first mooted as early as 1920s. However, the British did not favor the idea.

11. All information regarding universities is from: Ministry of Education, *Directory of Higher Education Malaysia* 3rd Edition (2001). Kuala Lumpur: Utsusan Publications and Distributions Sdn. Bhd. p. 71, Ministry of Education (2001). *Education in Malaysia: A Journey to Excellence*.

supported by the Government (Tham, 1979). The issue was heatedly debated in the 1969 election, with all Chinese-based opposition parties declaring their support for the establishment of a Chinese-language university (Reid, 1988). However, the outbreak of the race riots that followed the election quickly put an end to the Merdeka University campaign.

It was not until 1978 that the proposal was revived and became an issue in the 1978 election. The Minister of Education, Datuk Musa Hitam, firmly opposed it, arguing that by using Chinese as the medium of instruction, Merdeka University would breach the National Language Act of 1967, which states that Bahasa Malaysia must be the medium of instruction in all public institutions (Reid, 1988). Secondly, he argued that Merdeka University would be a private university, which was prohibited by the UUCA of 1971. Thirdly, he opposed the idea because the university would cater solely to ethnic Chinese (Tham, 1979). The ultimate failure of the Merdeka University proposal is indicative of non-Bumiputera's increasing lack of political power (Tham, 1979), as well as the government's zeal to gain tighter control over higher education in order to shape the process of nation-building.

### **Mahathir and Malaysia Inc: Privatizing for the Public Good**

In 1981, newly elected Prime Minister Mohamad Mahathir introduced a series of plans to develop the country. He unveiled three major initiatives early in the 1980s, namely, the establishment of the Heavy Industry Corporation of Malaysia (HICOM), the concept of Malaysia Incorporated, and the policy of privatization. According to Mahathir's plans, the role of universities came to supply the increased demand for skilled human resources.

Mahathir argued that heavy industries were needed for further development of the industrial base in Malaysia. The rapid expansion of the economy in 1970s provided the government with the funds to subsidize new heavy industries and projects including the Prime Minister's Malaysian car project, which was produced in a joint venture with Japan's Mitsubishi Corporation. The heavy industry program, however, soon faced difficulties due to the economic recession beginning in 1985. As a result, the heavy industrialization program was cut back, and the implementation of the privatization policy was accelerated (Crouch, 1996).

In 1985, the Economic Planning Unit (EPU) of the Prime Minister's Department issued its *Guidelines on Privatisation*, which outlined policy aims, modes of privatization and the means of implementation (Jomo, 1994). There were two reasons behind Mahathir's support for privatization. He believed that the profit-seeking private sector had an incentive to "deliver the goods," which was lacking in the government sector. Secondly, the privatization policy seemed an ideal vehicle for achieving one of the aims of the NEP, which was to increase business ownership by Bumiputera (Milne & Mauzy, 1999). In line with the concept of "Malaysia Inc", modeled on "Japan Inc", the private and public sectors were encouraged to work closely together to achieve the nation's prosperity. To facilitate this, the government undertook greater deregulation, simplified administrative procedures and provided better incentives, which led to the strengthening of the private sector's contribution to economic growth (Tan, 2001).

At that time, a plan to privatize higher education was not included in the discussion, however the delivery of higher education by private institutions was beginning to expand. By the mid-1980s, the NEP model for the higher education system was experiencing stress from several directions. Because of restrictions on admissions to public universities for non-Malay students, the number of Malaysian students studying in overseas institutions increased in the 1970s. By 1980, there were 21,994 students enrolled at local universities (Had Saleh, 1994), meanwhile 39,908 Malaysian

students were studying at overseas universities, of whom 60.5 per cent were Chinese, 23 per cent Malays, 15.9 per cent Indians, and 0.6 per cent other Malaysians (“A Century Review,” 2000). However, with the global recession of the mid-1980s and the imposition of full fees on overseas students by the United Kingdom and the Australian governments, it became harder for Malaysian families to send children overseas. As a result, the demand for local higher educational institutions rose to even higher levels. By the mid-1980s many private colleges started to offer degree programs in conjunction with partner universities, principally in the UK. Such arrangements came to be known as “twinning programs,”<sup>12</sup> and allowed students to complete one or two years in Malaysia before proceeding to the twinning partner institution overseas for the remainder of the program to complete the degree.<sup>13</sup> During the 1980s, two more universities were set up, Universiti Islam Antrabangsa Malaysia (International Islamic University of Malaysia, UIAM) in 1983 and Universiti Utara Malaysia (University of Northern Malaysia, UUM) in 1984. The establishment of UIAM was a pet project of Mahathir Mohamad, and it attempted to integrate Islamic values with contemporary professional education. Its academic programs focused on management, accountancy, economics and public administration.<sup>14</sup>

By allowing private institutions to participate in the delivery of higher education, places at higher education institutions rapidly expanded. However, up until the amendment of the UUCA in 1995 and introduction of the Private Higher Education Institutions Act in 1996, there was no legislation to regulate private institutions, and the government was no longer able to maintain its strict control over the entire spectrum of higher education institutions.

In 1990, the National Development Plan (NDP) replaced the NEP as the country’s primary development plan. The NDP restated some of the NEP’s aims, however, there was to be more emphasis on quality than on quantity. The new emphasis was less on the distribution of wealth and more on the rapid development of an active Bumiputera commercial and industrial community (Milne & Mauzy, 1999; Torii, 2001). In 1991, Mahathir also presented a new development philosophy, entitled “Malaysia: The way forward”, also known as “Vision 2020”, which would serve to reinforce the NDP. Vision 2020 stressed the need for political stability, the promotion of industrialization, and growth in business and technology, in order to bolster economic development, enhance national unity, and reduce poverty. Mahathir also emphasized the role of the education system in producing a healthy human resource base as a key to the country’s development, concluding, “Our people are our ultimate resource” (Mahathir, 1991). For the first five years of the NDP, however, very few changes were made to education policies. The Government set up two more public universities in East Malaysia, Universiti Malaysia Sarawak in 1992 and Universiti Malaysia Sabah in 1994. But these institutions made an insignificant contribution to meeting the demand for increased access to higher education.

In 1994, as part of the ultimate phase of the country’s industrialization program, the Multimedia Super Corridor (MSC) project was conceived (Milne & Mauzy, 1999). The MSC was an ‘information superhighway’ designed to develop information technology as the next engine

12. For in-depth study of the development of private higher education institutions, please refer to Tan Ai Mei, *Malaysian Private Higher Education*, (London, ASEAN Academic Press, 2001).

13. There were many non-Malay former public university lecturers involved with the establishment and running of private higher education institutions. The most successful and well-known private institution by former non-Malay academic is the HELP institution that was established by Dr. Paul Chan, a former academic in the Faculty of Economics and Administration, UM.

14. The medium of instruction at UIAM was English and Arabic.



of growth for Malaysia. Mahathir envisaged the creation of Malaysia as a regional information technology hub. In 1996, the MSC was set up to the south of Kuala Lumpur, with over thirty world famous computer and IT companies signing up for the project. Naturally, this caused a greater demand for skilled IT workers. Competition among Southeast Asian countries for the most qualified IT workers had already created a labour shortage. Once trained in Malaysia, many IT workers had moved to the U.S. and Singapore for more competitive wages. In combating these competitive forces, Malaysia began to import IT workers from countries such as India. According to the Far Eastern Economic Review, Malaysia would require 15,000 more IT workers by the end of 2000. This became another trigger for the expansion of private higher educational institutions (“The Tug of War,” Far Eastern Economic Review, 2000).

Consequently, the number of new private higher education institutions concentrating on IT education grew throughout the 1990s. The number of students enrolled in private higher education institutions expanded from 15,000 to 127,594, while the number of students in public institutions increased only from 86,330 to 189,020 in 1985 and 1995 respectively (Tan, 2001). Meanwhile, public universities were slow to respond to these changes—a situation that created greater pressure on the public universities to be more sensitive and responsive to the needs of the economy. The important role of private higher educational institutions in supporting public institutions in meeting labor shortages soon became evident. By the beginning of the 1990s, hundreds of non-degree private colleges and tens of private colleges offered foreign universities’ degrees, which did not fall under government jurisdiction.

In order to regulate the conditions of these private tertiary educational institutions, the government was required to revise its education policies. Immediately after becoming the Minister of Education in 1995, Mohd. Najib bin Tun Abdul Razak was given the task of shepherding the legislative provisions through Parliament. He had the whole program of five bills passed into legislation in just six months (“Malaysia: In Pursuit of Excellence,” Asiaweek, 1996). These were the amended Education Act, the amended UUCA, the Private Higher Educational Institutions Act, the National Council of Higher Education Act, and the National Accreditation Board Act.<sup>15</sup> By introducing the Private Higher Educational Institutions and the National Council of Higher Educational Institutions Act, the government intended to provide a platform for the orderly development of private higher education. Provisions in the Private Higher Educational Act forced private colleges to register with the government, and the curriculum and instruction offered by each registered college began to be examined by the National Council.

Malaysia has seen a mushrooming of numbers and varieties of private higher educational institutions since 1996 with these legislative changes opening the way for the registration of private institutions. Today, there are eleven private universities, four foreign branch campuses and some 600 private colleges with various programs including twinning, franchised international 3+0 programs, distance learning, open/virtual learning, local university franchise programs and so on.<sup>16</sup> The dominant players responsible for setting up private universities are primarily large corporations and organizations closely linked with the government, such as Telekom Malaysia Berhad, Tenaga Nasional Berhad, and Institute of Technology Petronas. Political parties of the Barisan Nasional

15. The Education Act and the Universities and University Colleges Act were revised in 1995 and the Private Higher Educational Institutions Act and the National Council of Higher Education Act were brought into force in 1996.

16. Please refer to Appendix I for information on the different forms of courses delivered at private higher education institutions.

government have also supported the establishment of universities, such as MCA's Universiti Tunku Abdul Rahman and UMNO's Universiti Tun Abdul Razak.

Three different bodies have emerged to represent private institutions, namely, the National Council of Private and Independent Educational Institutions (NAPIEI), the Malaysian Association of Private Colleges and Universities (MAPCU), and Gabungan Institusi Pendidikan Tinggi Swasta Bumiputera (GIPTSB) or the Union of Malay Private Higher Education Institutions. NAPIEI is the oldest association, and it represents small and medium sized private colleges, while MAPCU represents the larger private colleges. The GIPTSB represents 100 Malay colleges, and concerns itself with the sustainability of Malay private colleges. These Malay colleges were established in order to deliver courses franchised by the public universities (Tan, 2001), but in general, the private colleges' curriculums place greater emphasis on science, technology, engineering and other technology-based subjects. They also offer a wider variety of programs than most foreign educational institutions.

In relation to the public universities, the amendments to the Education Act and the UUCA enabled higher educational institutions to cater for increasing and changing demands. Prior to the amendment of the UUCA, the Vice-Chancellors of public universities met to discuss the corporatization of UM and the University Hospital that had been proposed by the new VC of UM, Dr. Abdullah Sanusi. The report of the meeting was then submitted to the government's Economic Planning Unit for further discussion, and it was decided that public universities would be corporatized in the near future (Loh, 1996). As a consequence, the amended UUCA gave greater administrative and financial autonomy to public universities, laying the groundwork for all the public universities to be corporatized.

In an unprecedented move to ease labor shortages<sup>17</sup> and to move young people into jobs faster, the Government decided to shorten university courses from four to three years beginning in 1996 ("Malaysia cuts college years," Reuters News, 1995). Meanwhile, the number of public universities steadily increased after 1995 as former colleges were upgraded. In 1999, Kolej Universiti Sains dan Teknologi Malaysia (Malaysian University College of Science and Technology) and Kolej Universiti Terengganu (Terengganu University College) were set up followed by Kolej Universiti Teknikal Kebangsaan Malaysia (National Technical University College of Malaysia) and Kolej Universiti Teknologi Tun Hussein Onn (Tun Hussein Onn University College of Technology) in 2001. By 2005, a total of 17 public universities had been established (see Table 2).

**Table 2: List of Public Universities in Malaysia**

Institution name	Abbreviation	Date established
Universiti Malaya	(UM)	1-1-1962
Universiti Sains Malaysia	(USM)	June 1969
Universiti Kebangsaan Malaysia	(UKM)	18-5-1970
Universiti Teknologi Malaysia	(UTM)	14-3-1972

17. Malaysia's economy enjoyed high growth until the financial crisis in August 1997. GDP growth reached 9.5 per cent and 8.2 per cent in 1995 and 1996 respectively (Milne & Mauzy, 1999, p. 74). The unemployment rate was as low as 2.9 per cent in 1995, which virtually meant full employment ("Malaysia cuts college years," Reuters News, 1995).

Universiti Putra Malaysia	(UPM)	4-10-1971
International Islamic University Malaysia	(IIUM)	10-5-1983
Universiti Utara Malaysia	(UUM)	16-2-1984
Universiti Malaysia Sarawak	(UNIMAS)	24-12-1992
Universiti Malaysia Sabah	(UMS)	24-11-1994
Universiti Pendidikan Sultan Idris	(UPSI)	24-2-1997
Universiti Teknologi MARA	(UiTM)	26-8-1999
Kolej Universiti Islam Malaysia	(KUIM)	13-3-1998
Kolej Universiti Terengganu	(KUT)	15-7-1999
Kolej Universiti Teknologi Tun Hussein Onn	(KUiTTHO)	in 2000
Kolej Universiti Teknikal Kebangsaan Malaysia	(KUTKM)	20-9-2000
Kolej Universiti Kejuruteraan Utara Msalaysia	(KUKUM)	in 2002
Kolej universiti Kejuruteraan & Teknologi Malaysia	(KUKTEM)	in 2002

### Education as Big Business

In 1994, the then Education Minister Datuk Dr. Sulaiman Daud, claimed that amendments to the Educational Acts would “enable [the government] to develop education as a significant component of the service industry and to eventually internationalize and develop it as a service export” (“Plan to improve,” *New Straits Times*, January 5, 1994). Until recently, Malaysia has sent large numbers of students to overseas countries. In 1996, for example, approximately 50,000 students were studying abroad, a phenomenon that has drained about \$1 billion a year from Malaysia’s foreign exchange. From this experience, the Malaysian government understands very well that people are willing to spend large amounts of money on their children’s education. In such circumstances the education business should prove a reliable source of income, from which the Malaysian government aims to benefit.

Firstly, private higher educational institutions have the potential to attract students from overseas countries such as Indonesia, China, Thailand, and several Arab and African countries. The diversity of languages and religions employed in Malaysia, as well as its moderate cost of living and various twinning program with higher education institutions from Western countries attracts students from overseas. The number of international students is growing, especially since the Asian financial crisis in 1997, which in fact provided an added impetus for Malaysia’s private higher educational institutions to recruit international students.<sup>18</sup> Students from neighboring countries as well as other developing countries began to choose Malaysia as the destination for tertiary education because, after the Asia financial crisis, currencies in those countries lost value, which made it too costly to send their children to western countries such as Australia, the U.S.A., and the U.K. Since 1997, the Malaysian Government has led a number of “education road-shows” to countries in the region (Tan, 2001). According to the Minister of Education, Tan Sri Musa Mohamad, Malaysia aims to get 50,000 international students by 2010.<sup>19</sup> Currently there are 28,024 international students

18. Refer to Tan Ai Mei, op.cit., and Molly N. N. Lee, *Private Higher Education in Malaysia*, (Penang, USM School of Educational Studies, 1999).

studying in Malaysia (Liew, 2003). The institutions are not only trying to attract students to come to study in Malaysia but also promoting off shore education in locations such as Jakarta, Ho Chi Minh City, Dubai, and Beijing (Liew, 2003).

Secondly, pursuing an education in a foreign country enables students to learn about the host country in great depth. When two countries do not share diplomatic ties, there are rarely educational exchanges among the citizens of the respective countries. Maintaining good relations with developing countries through education is important for the Malaysian government to extend South-South cooperation.<sup>20</sup> Malaysia's former Prime Minister Mahathir Mohamad saw Malaysia as the leading figure among developing countries in developing countries, or as the South. Malaysia's Foreign Policy states:

Being less dependent on foreign aid and assistance, Malaysia has been able to speak up on issues that other developing countries feel constrained to voice for fear of retribution by the major, particularly western, powers.<sup>21</sup>

Partnerships in education offer Malaysia a way of becoming a leader among developing countries, and to move away from dependence on wealthier northern nations. By achieving the South-South cooperation, Malaysia benefits from gaining an enormous market as well as obtaining greater power in international relations.

Thirdly, the education industry creates jobs. In order to establish educational institutions, the players need educators to plan their curriculums, to teach, and to consult with other educators in order to maintain high levels of education. After retiring from public universities at the age of 56 (the country's official age for retirement), many retired academics were absorbed into private higher educational institutions as administrators and lecturers (personal communication, Adlan, September 26, 2000).<sup>22</sup>

Finally, by investing in education, companies give the impression that they are not only profit-seeking groups but also contribute to the development of Malaysia (personal communication, Adlan, September 26, 2000). The Far Eastern Economic Review wrote:

Education, if well-conceived, organized and administered, can add mileage to business in several ways: identification as a business contribution to social responsibility to attract goodwill and in building relationships, generation of spin-offs such as recruitment, training, and staff development, research and consultancy to benefit the business and contributing to cash flow, as education is largely transacted on a cash basis (Chin, March 5, 1994).

As such, Malaysia is expecting to benefit greatly from making itself the education hub for the region. It should be noted, however, the idea of making Malaysia the education hub for the region has highlighted the sensitive issue of language of instruction. As most of private institutions have various types of programmes in cooperation with foreign institutions, the main medium of instruction is English. Also, if those institutions are to attract international students, inevitably they have to use English. As a result, there are public institutions teaching in the Malay language on one hand and private institutions teaching in English on the other. The rapid expansion of private

19. Tan Sri Musa Mohamad. The speech was given at the Malaysia's Education Summit 2003.

20. The South-South cooperation is based on Mahathir's attempt to strengthen cooperation among developing countries to ensure an effective and equitable system of global governance.

21. Malaysia's Foreign Policy, available on the web-site, [www.kln.gov.my](http://www.kln.gov.my)

22. Nina Adlan is the editor of the Education Quarterly.

higher education also raises the question of the quality of the education provided. Finally, private institutions mostly cater to non-Malay students, especially Chinese students, a fact which revives political concerns about an ethnic imbalance in higher education.<sup>23</sup>

### **Future Developments: Creating a Knowledge-based Economy**

The most recent phase of the Government's development plan is embodied in the 10-year Third Outline Perspective Plan (OPP3) for 2001 to 2010 and the current five-year plan, the Eighth Malaysia Plan, in the series for the period 2000 to 2005. The Eighth Malaysia Plan is designed to overcome the downturn caused by the economic crisis of 1997 to 1998, while the OPP3 embodies the National Vision Policy (NVP).<sup>24</sup> The NVP has taken over the primary objectives of the NEP and the NDP, and is guided by Vision 2020. The NVP supports the development of a knowledge-based economy, both to enhance productivity and to deal with a rapidly changing global environment. It asserts:

The Malaysian economy will face greater challenges as a result of increasing globalization and liberalization as well as the rapid development of technology, especially information and communications technology (ICT) ("Eighth Malaysia Plan," Chapter one).

In order to address these challenges, the Government is focused on developing a knowledge-based economy as an overarching economic boost to all sectors and to capitalize on the skilled IT work force ("Eighth Malaysia Plan," Chapter one). The education sector will be reviewed in order to continue to support Malaysia's human resource development; "to develop an efficient and responsive education and training system to meet the demand for a knowledgeable and highly skilled labour force" ("Eighth Malaysia Plan," Chapter one). The Government emphasizes Research and Development, especially in mathematics, and science. Recently the executive director of the National Economic Action Council (NEAC), Mustapa Mohamed, proposed the creation of a "super" university that would be assured of the biggest grants from the Government to transform this particular university into a world-class university with the best students and academicians (Leong, June 12, 2003). To this, the Education Minister Tan Sri Musa Mohamad responded that instead of creating only one "super" university, each university should be given research funding ("All varsities need R&D grant," June 13, 2003). Currently UM, USM, and UKM are recognized as

23. "A major disparity between the two types of institutions is the student composition. It is clear that private colleges and universities are becoming the domain of urban Chinese and Indians with only a handful of Malays and those from Sabah and Sarawak. ... This ethnic mix is also reflected in staffing. Thus we see a lopsided scenario, which indeed speaks loud on a number of issues, importantly raising the question, why are the rich losing faith in the old ivory towers?" Umi Khattab, "Closing gaps between private, public varsities," *New Straits Times*, October 05, 2002.

24. The new dimensions of the NVP are as follows: developing Malaysia into a knowledge-based society; generating endogenously-driven growth through strengthening domestic investment and developing national capability, while continuing to attract foreign direct investment (FDI) in strategic areas; increasing the dynamism of agriculture, manufacturing, and services sectors through greater infusion of knowledge; addressing pockets of poverty in remote areas and among Orang Asli and Bumiputera minorities in Sabah and Sarawak as well as increasing the income and quality of life of those in the lowest 30 percent by 2010; increasing the participation of Bumiputera in the leading sectors of the economy; and reorientating human resource development to support a knowledge-based society. (Mahathir Mohamad, "The Third Outline Perspective Plan", opening speech at the parliament on April 3, 2001)

research universities but the discussion of a “super” university is still ongoing. This debate at least reflects the government’s continuing emphasis on a knowledge-based economy.

In the end, a significant policy change took place in 2001. Mahathir announced that there would no longer be an ethnic quota on admission to public universities. Student intake would be based solely on the results of either Sijil Tinggi Persekolahan Malaysia (STPM), or a matriculation course. STPM is an exam taken after a 2-year course in Form 6. The matriculation course referred to is an in-house one-year course for Bumiputera students. As table 1-3 shows, the ethnic ratio was kept reasonably balanced even without the ethnic quota applying to the intake of students. This has become the basis of the Government’s argument in support of a meritocracy system. This shift from the quota system to meritocracy, however, leaves much to be discussed among political parties and educationists due to the different standards used to assess students on the two pathways. English proficiency has also been given full priority. Reflecting this emphasis, it was decided to teach math and science in English starting in Primary one, Secondary one, and Form 6 beginning in 2003. According to the Eighth Malaysia Plan, the participation of the private sector at the tertiary level will be intensified and universities both private and public will be encouraged to develop centers of excellence comparable with those in reputable foreign universities. In addition the NVP recommends budget increases for education reform and seeks to refocus the economy toward higher-technology production.<sup>25</sup>

**Table 3: Enrolment at Public Universities in Malaysia by Ethnic Group in 2002/2003**

	2002	2003
Bumiputera	22,557 (68.7%)	23,182 (62.6%)
Chinese	8,665 (26.4%)	11,921 (32.2%)
Indian	1,530 ( 4.7%)	1,931 ( 5.2%)
Total	32,752	37,034

Source: Jabatan Perangkaan Malaysia [Department of Statistics]. *Buletin Perangkaan Sosial Malaysia 2001* [Social Statistics Bulletin 2001].

Changes in the structure of higher education in Malaysia have generally taken place as a reaction to changes in the economic or political environment, and have primarily come about through Government directives. However, ever-stronger involvement in the global economy and internationalized society has pushed the Government to liberalize their policies, and thus recent reforms in higher education have decentralized higher education by giving more administrative autonomy to educational institutions. At the same time, understanding the importance of education policies in the nation’s overall development framework, the Malaysian Government still tries to design the education environment and supervise education developments.

25. The OPP3 also discusses about life-long learning and proposes the establishment of community college. (Mahathir Mohamad, op.cit.)

## References

- A Century Review (2000, January/February). *Education Quarterly*, 8, 14–20.
- All varsities need R & D grant. (2003, June 13). *The Star Online*. www.thestar.com.my
- Andaya, B. W. & Andaya, L. Y. (1982). *A history of Malaysia*. London: MacMillan.
- Anderssen, C. A. (1993). *Educational refugees: Malaysian students in Australia*. Clayton, Australia: Monash University Press.
- Bardan, S. (2000, August 3). Unemployed graduates. *Business Times*. 4.
- Chia, Y. L. (2003, October 27). Malaysian delegation heads to China for Education mission. www.studymalaysia.com
- Crouch, H. (1996). *Government & society in Malaysia*. Singapore: Allen and Unwin.
- Directory of Higher Education Malaysia 3rd Edition. (2001). Kuala Lumpur: Utsusan Publications and Distributions Sdn. Bhd.
- Education in Malaysia: A journey to excellence. (2001). Kuala Lumpur: Government Printers.
- Eighth Malaysia Plan 2001–2005. (2001). Kuala Lumpur: Government Printers.
- Funston, J. N. (1980). *Malay politics in Malaysia: A study of the United Malays National Organization and Party Islam*. Kuala Lumpur, Singapore, Hong Kong: Heinemann Educational Books (Asia) Ltd.
- Gale, B. (1981). *Politics and public enterprise in Malaysia*. Petaling Jaya, Selangor: Eastern Universities Press Sdn. Bhd.
- Hassan Karim & Siti Nor Hamid (Eds.), (1984). *With the People: The Malaysian Student Movement 1967–74*. Petaling Jaya, Selangor: Institut Analisa Sosial.
- Hirschman, Charles (1979). Political independence and educational opportunity in peninsular Malaysia. *Sociology of Education*, 52, 67–83.
- Jomo, K. S. (Ed.) (1994). *Malaysia's economy in the nineties*. Selangor Darul Ehsan: Pelanduk Publication.
- Lee, M. N. N. (2004) Malaysian Universities: Towards equality, accessibility, and quality. In Lee, M. N. N., *Restructuring Higher Education in Malaysia*. School of Educational Studies, University Science Malaysia, Monograph Series. 4. 37–62.
- Leong, N. (2003, June 12). NEAC proposes the creation of 'super' varsity. *The Star Online*. www.thestar.com.my
- Li, L. (2003, June 30). Produce graduates who can work, says Fong. *The Star Online*. www.thestar.com.my
- Liew, L. (2003, August 20). Malaysian overseas education offices to be operational by October—Azhar. *Bernama*. 1
- Loh, F. K. W. (1996). Corporatisation of the Universities: The market to the rescue? *Aliran Monthly*, 16, 1, 2–8.
- Malaysia: Local universities set up consortium. (1999, May 5.) *International Market Insight Reports*. 1.
- Malaysia cuts college years to ease labour pains. (1995, August 17). *Reuters News*. (nonperiodical).
- Malaysia: In pursuit of excellence: Najib tackled politically sensitive reforms. (1996, July 15). *Asiaweek*. (nonperiodical).
- Mauzy, D. K. (1985). Language and language policy in Malaysia. In Beer, W. R. & Jacob, J. E. (Eds.), *Language policy and national unity*. New Jersey: Rowan & Allanheld Publishers.
- Milne, R. S. & Mauzy, D. K. (1978). *Politics and government in Malaysia*. Vancouver: University of British Columbia.
- Milne, R. S. & Mauzy, D. K. (1999). *Malaysian politics under Mahathir*. London: Routledge.
- Ng, B. K. (1998). The New Economic Policy and Chinese in Malaysia: Impact and responses. *Journal of Malaysian Chinese Studies*, 2, 99–123.
- Penyata Jawatan-Kuasa Perancang Pelajaran Tinggi. [Report of the Government publication, Higher Education Planning Committee] (1967). Kuala Lumpur: Government Printers.
- Plan to improve, expand scope of tertiary studies. (1994, January 5). *New Straits Times*. 1.
- Reid, L. J. (1988). *The politics of education in Malaysia*. Hobart: Dept. of Political Science Monograph Series, University of Tasmania.
- Roff, M. (1967). The politics of language in Malaya. *Asian Survey*, 7, 5, 316–328.
- Selvaratnam, V. (1989). Change amidst continuity: University development in Malaysia. In Altbach, P. G. & Selvaratnam, V. (Eds.), *From dependence to autonomy*. Dordrecht: Kluwer Academic Publishers. 187–205.
- Singh, J. S. & Mukherjee, H. (1993). Education and national integration in Malaysia. *International Journal of Educational Development*, 13, 2, 89–102.
- Snodgrass, D. R. (1980). *Inequality and economic development in Malaysia*. Kuala Lumpur, Oxford, New York, Melbourne: Oxford University Press.
- Sugimoto, H. (2005). *Mareshia ni okeru kokusai kyouiku kankei* [Malaysia Education from International Perspective]. Tokyo: Toshindo Publishing Co. Ltd.
- Tan, A. M. (2001). *Malaysian Private Higher Education*. London: ASEAN Academic Press.

- Tham S. C. (1979). Issues in Malaysian Education: Past, present, and future. *Journal of Southeast Asian Studies*, 10, 2, 321–351.
- The tug of war for Asia's best brains. (2000, November 9). *Far Eastern Economic Review*. 38–43.
- Torii, T. (2001). Mareshia no kaihatsu senryaku to seiji hendou [Development strategy and political changes in Malaysia]. In Suehiro, A. & Yamakage, S. (Eds.), *Ajia seiji keizai ron* [Politics and Economy in Asia]. Tokyo: NTT Publisher. Chapter 3.
- Tun Mohamed Suffian bin Hashim (1976). *An Introduction to the constitution of Malaysia*. Kuala Lumpur: The Government of Malaysia.
- Universities and University Colleges Act. (1996). Kuala Lumpur: Government Printers.