

Global Trends, National Policies and Institutional Responses: Restructuring Higher Education in Malaysia

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Abstract

A significant global trend during the 1990s is the restructuring of higher education systems. The essence of this restructuring process is a redefinition of the relationship between institutions of higher learning, the state, and the market, and a drastic reduction of institutional autonomy. This article is an analysis of the restructuring process in the forms of privatisation of higher education and corporatisation of public universities in Malaysia. This analysis highlights the context of higher education reforms in the era of globalization, major trends in higher education reforms and Malaysia's responses to these global trends. By focusing on the institutional level, this article examines the expansion and diversification of private higher education as well as the change in the governance and culture of public universities brought about by privatisation and corporatisation.

Key Words: corporatization, global trends, higher education, higher education reforms, privatisation, restructuring

Introduction

The study of globalisation and its impact on education has gained wide popularity as educators examine how global processes have affected the education systems directly or indirectly in different countries. Education changes in any particular society are not only related to its socio-economic and political development but are also influenced by global forces and global trends. As the global forces impinge on national economic, social, political and cultural context, governments have to respond by initiating education changes to meet these global imperatives. At the same time, many countries tend to follow global trends on education through "institutional isomorphism" (DiMaggio and Powell, 1983) and "educational borrowing" (Halpin and Troyna, 1995).

An examination of international trends in higher education shows that the globalisation of the economy, the decline of the welfare state, and the commodification of knowledge continued to have significant effects on higher education (Schuguren-sky, 1999). Economic globalisation opens up world markets with the relatively free

flow of people, goods, capital, knowledge, technology, and innovations, and offers great potential for economic growth. The emergence of a globalised knowledge economy has a profound impact on the role and value of higher education. The productivity of such an economy relies heavily on science, technology, knowledge and ideas which are all in the purview of the university. Many nation-states see the role of the university as very central for securing shares in the global market. Parallel with the globalisation of the economy is the retrenchment of the welfare state, which is replaced by a neoliberal state geared at promoting economic international competitiveness through cutbacks in social expenditure, economic deregulation, decreased capital taxes, privatisation and labour flexibilization. This implies drastic cutbacks in the funding of higher education and the privatisation of public enterprises such as health, education, housing, and transportation. At the same time, both the production and dissemination of knowledge is increasingly commodified. Consequently, higher education is constantly being commercialised and privatised. Institutions of higher learning are under pressure to restructure and seek diverse sources of revenues instead of relying totally on state funding. With the withdrawal of the state, the provision of higher education is now increasingly becoming regulated by market dynamics.

The drastic restructuring of higher education systems is a significant trend worldwide during the 1990s. The essence of the restructuring process is a redefinition of the relationship between the university, the state, and the market, and a drastic reduction of institutional autonomy (Schugurensky, 1999). As it turns out, the restructuring of higher education is occurring in many different countries through cultural diffusion and institutional isomorphism. But this does not mean that all higher education systems are one and the same because there are varied responses to global forces depending on the political economy, national culture, and the structural features of the particular education system.

The purpose of this chapter is to identify the global trends in the restructuring of higher education by analysing some of the global processes that may have brought about these trends. The second part examines how these global trends have influenced the development of higher education in Malaysia with special focus on the recent policy initiatives taken by the government in privatising higher education and corporatising public universities. The third part analyses some of the institutional responses taken by private educational institutions and public universities in the rapid changing environment. The last section is an analysis of the Malaysian case which shows that relative autonomy does exist even in the context of a globalising world. The Malaysian state demonstrates with its national policy initiatives that it is not a shrinking welfare state but rather a strong interventionist state. Although the Malaysian case has many features of the global trends in terms of privatisation and corporatisation of higher education as well as transnational education, it is important to pay attention not only to global trends but also to national and institutional responses to them.

Globalisation and Higher Education

Globalisation is often viewed as a multidimensional process which unfolds in the realms of the global economy, global politics, and global culture. What has made the globalisation process feasible is the new information and communication technologies combined with increased mobility of money, goods, people, information, technology and images (Appaduria, 1990). The relationship between globalisation and higher education can be analysed from two perspectives, namely, economic globalisation and global trends. The economic globalisation perspective focuses on the ascendancy of the global marketplace in shaping higher educational reform, whereas the institutional perspective maintains that global trends in higher education are being adopted and adapted by countries throughout the world as they restructure and adjust to the impinging globalising forces in the various realms. This section examines the impact of globalisation on higher education and how in that process higher education is being globalised.

The changing role of higher education in the era of globalisation is closely linked with the emergence of a post-industrial economy, in which productivity relies predominantly on science, technology, knowledge and management. This is particularly clear in advanced countries in which the new economy is increasingly based on information processing activities, and where standardised mass production is being replaced by customized, flexible production. The Fordist economies based on the principles of protected national markets, organized labour unions, bureaucratic and hierarchical management, mass production of standardized products are no longer feasible in a global economy spurred by new technology and new relationship between management and labour (Brown and Lauder, 1997). Neo-liberals call for Fordism to be replaced by Neo-Fordism in which global competition forces corporate downsizing, cost cutting and flexibility in labour organization. Neo-liberalism seeks to increase corporate earnings and economic efficiency by privatising public institutions, reducing state regulation and taxation, and rolling back the “costly” welfare state (Carl, 1994). Neo-liberals espouse the superiority of the market, instead of the state, as the allocator of resources (Wells et al., 1991).

Parallel with globalisation is the retrenchment of the welfare state, which is replaced by a neoliberal state geared at promoting economic international competitiveness through cutbacks in social expenditure and privatisation of public sector agencies, as well as other measures. The withdrawal of the state from the commitment to universal provision of public services such as education, housing, health, and social security, has resulted in having these services being increasingly regulated by market dynamics (Schugurensky, 1999). The shrinking of the welfare state means less money for social welfare and education which has profound implications on higher education. Neo-liberals call for drastic cutbacks in university funding, the privatisation of higher education, and raise issues of accountability, efficiency and productivity in institutions of higher learning.

The global economy is also fast becoming a knowledge-based economy and in this respect higher education is increasingly being viewed as central to national strategies for securing shares of global markets. The role and value of higher education hinges on its contribution to the development of social and economic arrangements which will give a competitive edge to countries in the global market. Universities are the repositories of much of the scarce and valuable human capital that nations possess for competing successfully in the global economy (Slaughter and Leslie, 1997). To create national wealth, it is essential to develop high technology and technoscience which can lead to the discovery of new products and processes that can help to increase the number of high paying, high technology jobs. Universities provide the high level training of human resources and the link between research and industry. Business corporations are increasingly turning to research universities for science-based products and processes to market in a global economy. Therefore higher education is continually being transformed in response to the rapidly changing globalised knowledge economy. In brief, globalisation has some far reaching implications for higher education which include the reduction of state appropriations for higher education, the growing centrality of technoscience and related fields closely involved with markets, and the tightening of relationship between multinational corporations and state agencies concerned with product development and innovation.

The restructuring of higher education is a worldwide phenomenon and it is possible to identify some common trends in the restructuring process in many developed economies in the 1990s (Singh, 2001). Firstly, higher educational institutions are increasingly being required to demonstrate efficiency, accountability and productivity from various quarters, notably from the state which is usually the major source of funding for higher education. However, there has been a decline in the amounts of public funds and institutions of higher learning are required to do more with less. Universities have to diversify their sources of funding by adopting entrepreneurial approaches to higher education, and to improve cost-efficiency by institutionalising corporate managerialism. In many countries, higher education has been privatised either by allowing private educational institutions to be established or through contract management agreement with non-public agencies in providing services like cleaning and even specialised fields of study in public institutions. There has been a shift in the allocation of resources from curiosity-driven research to targeted or commercial or strategic research. All these trends are influencing national policy frameworks in bringing universities in line with other social arrangements designed to position national economies for greater global competitiveness.

At the institutional level, there are other major pressures which transform higher education. First, student enrolments have greatly increased over the past four decades as more countries strive to expand their higher education systems. Not only has access to higher education increased but it has also widened to include students from under-represented groups. To meet this ever-increasing social demand,

many new providers have appeared in the scene to meet the excess demand and to offer more choices to the customers. Many of the institutions often view students as a profitable market and these institutions are run “for-profits”. Another force for change is the worldwide technological advances that hold great potential to alter the nature of higher education. Advances in information and communication technologies have enabled the growth of cross-border traffic in higher education (Marginson, 2002). Some of the cross-border activities in higher education include foreign students studying in provider countries, provider institutions operating in foreign countries, cross-border on-line learning, and institutional partnerships and consortia.

Studies on the restructuring of higher education in different countries have shown that there is a convergence of higher education policy ideas on issues related to how to allocate resources, how to generate new revenue, how to realign to new demands, and how to organize so as to lower cost, increase efficiency, increase productivity, and improve teaching quality (Slaughter and Leslie, 1999; Gumport and Pusser, 1999; Rhoades, 1995). However, there are variations in different settings because policy ideas are often received and interpreted differently within different political contexts, national infrastructures and national ideologies (Ball, 1998). The following section examines how the restructuring of higher education is played out in Malaysia by analysing both system level responses and institutional responses to external and internal pressure to change.

Changing Higher Education System

Like in many other countries, higher education in Malaysia has undergone massive expansion due to ever increasing social demand which is partly brought about by the democratisation of secondary education and the growing affluence of the Malaysian society. Tertiary education is often perceived by the state as an avenue for social mobility, an instrument for human capital development and economic growth, as well as a vehicle to promote national identity and unity. Since the implementation of the New Economic Policy in 1970, the state has viewed access to higher education as a means to restructure the Malaysian society by eliminating the identification of ethnic community with economic functions. In an attempt to redress social equity, the government implemented the ethnic quota admission policy whereby student admission to public institutions of higher learning was based on ethnicity. The government has also expanded the existing universities and built many new higher educational institutions. In 2002, there are in existence 11 public universities, 5 university colleges, 6 polytechnics, and 27 teacher-training colleges, and there are plans to build a community college in each of the 193 parliamentary constituencies.

In the past, the government was the main provider of higher education. But with the massification of higher education, the state encountered tight budgetary

constraints in sustaining the expansion so it privatised higher education and corporatised the public universities. The past decade witnessed a tremendous increase in student enrolment for tertiary education. The total number of students enrolled at the tertiary level, in both the public and private sector doubled from about 230,000 in 1990 to about 385,000 in 2000 (Tan, 2002). The enrolment rate of the 19-24 age cohort in the universities rose from 2.9 percent to 8.2 percent from 1989 to 1999. In this same period, private higher education also expanded immensely. The number of private educational institutions increased more than four-fold from 156 institutions in 1992 to 707 in 2002. In 1995, there was no private university but by 2002 there are 12 private universities. The number of students enrolled in these private institutions rose from about 35,600 in 1990 to about 203,000 in 2000 which accounted for 53 percent of the total number of tertiary students (Tan, 2002). The privatisation of higher education is due to the shortfall of places in public institutions of higher learning to meet the increasing demand. This problem is further exacerbated by the ethnic quota system, the high cost of overseas education, and the devaluation of the Malaysian Ringgit during the 1997 Asian economic crisis.

On 1 January 1998, University of Malaya (UM), the oldest university in Malaysia was corporatised and subsequently, on 15 March 1998, another four public universities, Universiti Sains Malaysia (USM), Universiti Putra Malaysia (UPM), Universiti Kebangsaan Malaysia (UKM), and Universiti Teknologi Malaysia (UTM) followed suit. The corporatisation of these public universities is very much in line with the global trend of changing universities into enterprises and to develop corporate culture and practices that enable them to compete in the market place. This trend is reflected in the corporatisation of Australian universities and the changing of public universities into “entrepreneurial universities” in Singapore and “autonomous universities” in Indonesia and Thailand. Universities are being made to operate like business organizations. Instead of producing and transmitting knowledge as a social good, the universities are placing emphasis on the production of knowledge as a marketable good and a saleable commodity. Universities are engaged in market-related activities. Matters like which courses to teach, which research initiatives to fund, which student populations to serve, and which enrolment policy to adopt is increasingly being determined by market forces (Buchbinder, 1993). It can be seen that educational institutions in both the public and private sectors in Malaysia are adopting a commercial approach to higher education.

National Policies on Higher Education

With the expansion and diversification of higher education, the Malaysian state has to expand its role from being the main provider to a regulator and protector of higher education (Lee, 2000). As a provider, the state allocates resources to institutions of higher learning and provides funds for scholarships and student aid, research, and capital expenditures. As a protector, the state takes on the func-

tion of consumer advocacy by improving access to higher education, formulating policies to promote social equality, and by monitoring the quality of academic programmes. As a regulator, the state ensures oversight of new and emerging institutions through institutional licensing and programme accreditation. The state also steers by structuring the market for higher education services to produce outcomes consistent with government priorities. The state plays these additional roles through legislative interventions.

In 1996, the National Council on Higher Education Act was passed reflecting the government's intention to put in place a single governing body to steer the direction of development of higher education in the country. The main function of this council is to plan, formulate and determine national policies and strategies for the development of higher education (Malaysia, 1996a). Its role is to oversee both the public and private sectors so as to ensure better coordination in institutional missions and academic offerings. The government would like the private sector to complement and supplement the efforts of the public sector and has sought to steer the private sector to provide more vocational and technical programmes. Since the establishment of this council, there has been a gradual shift from state control toward state supervision in the relationship between the Malaysian government and higher education. With the corporatisation and privatisation of higher education, the shift is also towards market-based policies which aim at increasing the range of choices for students and addressing the needs of an increasingly complex social order. However, the state still maintains a central steering role to ensure equity of access, consumer advocacy, and national identity, which are broader social and cultural goals that transcend the market.

In 1995, the Universities and University Colleges Act 1971 was amended to lay the framework for all the public universities to be corporatised. By corporatisation, the public universities are freed from the shackles of government bureaucratic provision and are run like business corporations. Corporatised universities are empowered to engage in market-related activities like enter into business ventures, raise endowments, set up companies, acquire and hold investment rates. The Malaysian government continues to own most of the public universities assets and to provide development funds for new programmes and expensive capital goods. But the corporatised universities have to shoulder the burden of raising a portion of the operating costs.

Under this new set of amendments, the university court was abolished, the university council replaced by a board of directors, and the size of the senate greatly reduced from about 300 to about 40 (Malaysia, 1995). The reduction in size can be viewed as an erosion of the academics' power in the governance of the university. Traditionally, the senate usually comprised the vice-chancellor, deputy vice-chancellors, deans, faculty representatives and all professors who make policies concerning academic matters. A trimmer senate could mean less consultation and feedback on university policies from the academics.

The Acts that have the most direct impact on private higher education institutions are the Private Higher Educational Institutions Act and the National Accreditation Board Act, both of which were passed in 1996 (Malaysia, 1996b and 1996c). The first Act defines the government's regulatory control over all Private Higher Educational Institutions (PHEIs). Under this Act, approval must be obtained from the Minister of Education before a PHEI can be set up, or before any programme can be offered in any particular institution. Private universities can only be established at the invitation of the Minister. Foreign universities are allowed to set up branch campuses in the country, but they can only do so at the invitation of the Minister. Furthermore, all courses must be conducted in the national language but with the approval of the Minister some courses may be taught in English or Arabic. In addition, all PHEIs must teach the following compulsory subjects, namely, Malaysian Studies (including Islamic and Asian civilizations), Islamic Studies (for Muslim students) and Moral Education (for non-Muslim students). The rationale for teaching these courses is to establish a Malaysian educational identity. This Act allows the government to have a tight control on the kinds of PHEIs that can be established and the kinds of programmes that can be offered.

The second Act led to the establishment of the National Accreditation Board, often referred to as LAN¹, to monitor and control the standard and quality of all the educational programmes offered by the PHEIs. LAN has two primary functions, namely, (i) to ensure that all programmes offered by the PHEIs meet the minimum standards as determined by the board, and (ii) to award certificate of accreditation to the certificates, diplomas, and degrees conferred by PHEIs. The criteria for the determination of achievement of minimum standard level requirements and that of accreditation are based on the course of study, teaching staff, syllabus of all subjects, available facilities, management systems and rationale for conducting the course of study (Education Guide Malaysia 2000). Although the set criteria are the same, the grade or points necessary to obtain the minimum standard level of achievement and accreditation are different as the score requirement for the former is lower than the latter. All PHEIs are required to obtain approval to run courses and meet the minimum standards set by LAN. However, application for accreditation is optional. An initial application fee for approval to conduct a course is charged – RM700 for a certificate or diploma and RM1,000 for a degree. If the application is approved, the PHEI will have to pay the relevant fees before approval is granted. The relevant fees are RM10,000 for certificates and diplomas (valid for 3 years) and RM15,000 for degrees (valid for 5 years). With the introduction of such high fees, some of the less endowed PHEIs were forced to close down because they could not afford to pay the fees.

These are the four legislative Acts which provide the national policy framework for the restructuring of higher education in Malaysia. The next two sections analyse how various educational institutions in both the private and public sectors respond to these policies and function in the new environment.

Private Higher Educational Institutions (PHEIs)

The expansion of private higher education is accompanied by a diversification of educational institutions and programmes of study. Over the years, private institutions have evolved different modes of ownership, some of which are profit-oriented enterprise while others are not (Lee, 1999). Profit-making institutions were set up by individual proprietors, private companies, consortia of companies, public listed companies and government corporations. On the other hand, non-profit educational institutions were set up by foundations, philanthropic organizations, and through community financing. In order to mobilise and optimise both private and social resources for higher education, various forms of partnerships were established between government, non-government organizations, private sector, local communities and religious groups. There are cases of partnership between a private entrepreneur and an Islamic group like Perkim-Goon Institute, joint-venture between Methodist Church and a business group like the Olympia College of Management; joint-venture between a business group and a state government like Penang Medical College, and colleges owned by political parties like Tunku Abdul Rahman College. Typically, the mode of ownership determines the size of capital base for development and operations of the colleges, and thus has direct impact on the delivery of educational programmes as well as the quality of these programmes. In attempting to consolidate limited resources, more and more PHEIs are forming mergers like INTI International College and Disted-Stamford College in Penang.

Besides differences in the mode of ownership, the PHEIs also differ in their market focus. Some of them offer a wide range of programmes in various fields of studies from pre-university to post-graduate level, while others specialise in specific areas such as medical fields, art and design, language, music, information technology and so on. The strategy of the latter group is to carve a niche market for themselves instead of competing on the same turf with the other colleges. It is through institutional differentiation that the private education sector can become more responsive to changing labour market needs. Most of the PHEIs are located in the Klang Valley because of the presence of a large market and a large pool of human resources there. But in recent years, some of the bigger colleges like INTI College, Informatics, and Stamford College have opened up branch campuses in other parts of the country. A few of the more enterprising ones have even set up joint ventures in other countries in this region. For example, INTI College has its presence in China, Vietnam, Thailand and Indonesia.

As in other countries, the survival of PHEIs depends on their ability to innovate and experiment with different kinds of programmes of study so that they can offer more choices to their customers. The programmes offered by PHEIs in Malaysia can be broadly categorised into three groups, namely, (i) internal programmes, (ii) transnational programmes, and (iii) programmes leading to qualifications awarded by external bodies (Lee, 1999). The internal programmes are based on the curricula and examinations set by the PHEI concerned and upon completion of these pro-

grammes, students are conferred a certificate or diploma by that particular PHEI. Private colleges in Malaysia are not allowed to confer degrees. To overcome this constraint, many private colleges have forged various kinds of institutional linkages with foreign universities to offer different types of degree programmes and professional qualifications. Today, this practice has been extended to include institutional linkages between private colleges and local public universities. Programmes that are linked with foreign universities are sometimes known as transnational education programmes and these include twinning programmes, credit transfer programmes, external degree programmes and distance learning programmes. The twinning programmes are split degree programmes where the students study part of the degree programme in a local institution before proceeding to the foreign university to complete the programme. Typical twinning arrangements are either "2+1" (2 years in the local college and 1 year in the overseas twinning university) or "2+2". But a number of private colleges began to offer "3+0" programmes when the economic crisis hit in 1997 because less students could afford to continue their studies overseas due to the devaluation of the Malaysian Ringgit. In 1999, there were 12 private colleges offering "3+0" programmes and 3 branch campuses of foreign universities (Monash University, Nottingham University and Curtin University) which means that Malaysians can obtain a foreign degree without having to go abroad.

Like in other countries, most of the PHEIs in Malaysia offer programmes in the soft disciplines such as accountancy, law, business studies, and computer studies, all of which do not require large capital outlay. They have left some of the more difficult and expensive tasks to the public sector. Moreover, these kinds of programmes are very popular with both local and foreign students. The medium of instruction is mostly in English because many of the programmes are designed by either foreign universities or professional bodies. There is also a substantial number of foreign students from the neighbouring countries like Indonesia, China and Thailand studying in the private colleges. In 2000, there are as many as 15,000 foreign students in the country but that figure has dropped to about 10,000 in 2001 (Sunday Star, 2002). As for local students, the PHEIs attract mostly non-Bumiputra students and they are the ones who cannot gain admission into the public institutions of higher learning because of the ethnic quota policy.

Corporatised Public University

What does corporatisation of the public universities imply? What kinds of changes have taken place in these universities since they have been corporatised four years ago? These are some of the research questions which I aim to address in this section, using Universiti Sains Malaysia (USM) as a case study. The data have been collected from documents like concept and position papers, annual reports and strategic plans prepared by the university and interviews with key administrators

in the university. This case study focuses on the changes that have occurred in the governance structure, the diversification of revenue, and the institutionalisation of corporate managerial practices.

Since corporatisation, the governance structure of USM now consists of the Board of Directors comprising 8 members² and there are 40 members³ in the Senate. The Vice-Chancellor can co-opt certain academic staff to become members of the Senate from time to time depending on issues and needs of the time. A significant change in the governance structure is the reduction of academic representation in the Senate. How much influence the academia has on the decision-making process depends on how willing the Vice-Chancellor is to open up the decision-making process to participation by the academic staff. The Vice-Chancellor has the power to restrict the decision-making process to a small in-group, if he chooses to, by appointing academics that can see eye-to-eye with him. Fortunately, the Vice-Chancellor in USM does his best to be more inclusive in the decision-making process by involving more academics in the Senate and in other working committees.

As a corporatised entity, USM was supposed to raise a portion of its operating costs because the percentage of the government grant was anticipated to reduce gradually from 86.6 percent in 1996 to about only 60 percent by the year 2005 (USM, 1996). However, because of the recent economic downturn, the Malaysian government has deferred its plan to reduce funding to the public universities. Therefore, the public universities were “corporatised by governance” only and NOT financially. Originally, the salaries of both the academic and administrative staff in the corporatised universities were to increase by 17.5 percent. Again this salary increase was shelved due to the financial crisis. So what does “corporatisation by governance” imply? In brief, this implies that the corporatised universities have to diversify their sources of revenues, and at the same time adopt corporate managerial practices to improve its accountability, efficiency and productivity.

Although the corporatised universities are required to raise revenues from market-related activities, they are not allowed to raise tuition fees, particularly at the undergraduate level. Any increase in tuition fees has to be approved by the National Council on Higher Education. Therefore, corporatised universities have to adopt strategic plans to seek revenue from other sources such as full-fee paying foreign students, research grants and consultancy, franchised educational programmes, rentals from university facilities, and interests or dividends from investments. USM has a strategic plan to recruit full-fee paying students from the neighbouring countries (USM, 1996). By the year 2003, foreign students would make up 30 percent of its total postgraduate population and 6 percent of its undergraduate population. In 2001, the number of students in USM was about 23,000 out of which 15 percent were postgraduate students. The tuition fees charged on foreign students at the undergraduate level are three times as much as those paid by local students.

In conjunction with the corporatisation of USM, a holding company by the name of USAINS was formed in 1998 (USM, 1998). Functioning as the corporate arm of the university, this company assumes the responsibilities of generating revenue for the university. It is the sole distributor and outlet of all commercial activities of USM. It manages business activities such as consultancy, testing, contract research, rental of space, continuing/extension courses and franchising of USM diploma and degree programmes. Another new development is the establishment of a Private Education Liaison Unit in 1998 which acts as a one-stop agency to liaise with private colleges which offer franchised programmes from USM. Currently, USM has franchised 23 educational programmes to 12 private colleges. Most of the franchised programmes are from the more popular fields of study like management, computer science, engineering, pharmacy and mass communication.

Besides diversifying its sources of revenue, USM has also taken steps to improve its institutional management internally. In following the global trend, USM has adopted a whole range of symbolic trappings of "corporate culture" in its attempts to improve its accountability, efficiency, and productivity (Currie, 1998). Management techniques from the private sector such as mission statements, strategic planning, total quality management, ISO certification, right sizing and benchmarking are beginning to be institutionalised in USM. Every school of studies and research centre is required to carry out strategic planning and prepare its mid-term and long-term business plans. Cost centres that are considered not viable have been either closed down or merged. For instance, the Matriculation Centre has been closed since 1998. The research unit on Ilmu Falak and Atmospheric Science has merged with the Islam Centre; and the COMBITS Biro was absorbed by the Computer Centre.

The concept of total quality management (TQM) which emphasizes the importance of setting up a mission that describes, in a detailed manner, the organization's specific beneficiaries, their needs and the means to attain the best customer satisfaction has been introduced in nearly all the administrative sections and academic schools in the campus. The University Registry, University Library and the Pharmacy section of the USM Teaching Hospital have already obtained their ISO 9000 certificates, and there are other administrative units working towards ISO certification. Benchmarking is another set of tools that have been adopted to achieve sustainable efficiency and productivity. Currently, USM is benchmarking its publication unit with the University Press in Universiti Malaya.

All these changes in the management practices can be seen as a more powerful role for central university authorities in resource management and in orienting and controlling department activities. The Vice-Chancellor is more like a Chief Executive Officer (CEO) who is often called upon to make top-down decisions in response to external environment. Decision-making tends to be limited to a smaller body at the apex which also includes external participation as reflected in the composition of the Board of Directors. There have been attempts to restructure departments into

larger groups to form viable decision-making and administrative units. There are additional units for industry liaison for revenue-generating activities, as well as for institutional development purposes.

The strong interventionist state

The above analysis on the restructuring of higher education in Malaysia shows that the Malaysian state is not a shrinking welfare state but is rather a strong interventionist state. Ever since the mid-80s, what has emerged in Malaysia is a strong developmental state which “establishes as its principle of legitimacy its ability to promote and sustain development” (Castells, 1992). In economic terms, the developmental state consistently intervenes to direct and regulate economic activity towards certain national goals. In the case of Malaysia, the focus is on growth with redistribution of income. The Malaysian state is concerned with the reduction of hardcore poverty, the development of a Bumiputra commercial and industrial community, the reliance on human resource development and the emphasis on private sector led growth (Jomo, 1994). Education is perceived as an instrument for promoting national unity, social equality and economic growth. Therefore, the state, instead of cutting back on educational expenditure, invests heavily on education and human resource development so that the country can become a developed nation by the year 2020. On the average, the government spends 5.3 percent of its GNP or 15.5 percent of the total annual budget on education (Bray, 2002).

The state uses education as a means to restructure the Malaysian society and implemented various affirmative action policies to reduce the inter-ethnic differences in educational attainments, particularly at the tertiary level. Such policy initiatives include admission to public higher education institutions by ethnic quota system⁴, the establishment of matriculation classes and Universiti Teknologi Mara exclusively for Bumiputra students to prepare them for the professional and technical fields. The state uses these educational policies to control access to higher education because education at the tertiary level is perceived as a means of social mobility. Because of the ethnic quota system and the limited number of places in public institutions, many non-Bumiputra students are denied admission into these institutions and have to further their education overseas. When the overseas tuition fees increased drastically in the mid-80s, there was strong political pressure on the government to widen access to higher education locally. Consequently, the government liberalised its educational policy by encouraging the private sector to set up institutions of higher learning.

As mentioned earlier, the Malaysian state is no longer the sole provider of higher education. Ever since the 1980s, there has been an explosive growth of private institutions which were established mainly “for-profits”. As private higher education continues to expand, the state takes on additional roles by regulating and monitoring the quality of higher education through institutional licensing and pro-

gramme accreditation. The state also continues to allocate resources to institutions of higher learning, both public and private, to finance the continuing expansion of higher education. Although a number of the public universities have been corporatised since 1998, the Malaysian government has not cut back its funding to these corporatised universities. This implies that the corporatised universities are allowed to generate their own revenues through entrepreneurial activities as well as receive full funding from the government. In the private sector, the three biggest private universities, namely, Universiti Teknologi Petronas, Universiti Tenaga Nasional, and Multi Media University, belong to government corporations. These are the public entities which have been privatised in the 1980s. Besides subsidising the providers, the Malaysian government also follows the global trend of subsidising the consumers, that is to say, students. In the late 1990s, the Malaysian government established the National Higher Education Fund which provides loans to students who are in need of financial help. These loans are also available to students in private institutions as long as they are studying in any of the accredited programmes.

The Malaysian state does not only have a high stake in higher education but also holds a tight rein on all the higher education institutions through the various legislations. Through the National Council on Higher Education, it oversees and steers the overall development of higher education in the country. With the corporatisation of the public universities, the academic culture has been swept aside by bureaucratic and corporate cultures in the campuses (Lee 2002). The idea of collegial self-governance has been suppressed and the shift is towards corporate managerialism directed at market objectives. As for the private institutions, the tight government control is enshrined in both the Private Higher Educational Institutions Act and the National Accreditation Board Act.

Conclusion

The restructuring of higher education is very much influenced by neo-liberal economic ideology which argues for a reduction of the welfare state and an increase in economic efficiency through the privatisation of public sector agencies. This global trend has led to national policy changes and institutional development in the higher education system in Malaysia. Under the new policy framework, higher education has been privatised and public universities have been corporatised. This analysis of the Malaysian case shows a sharp growth in the number of tertiary students especially students in the private sector, the growing popularity of fields like management, commerce, and IT, and an increasing emphasis on income generation strategies and cost efficiency in the corporatised public universities. The structural changes in the corporatised universities show that collegial forms of governance has been sidelined, entrepreneurial activities have increased, and corporate managerial practices have been institutionalised.

However, the Malaysian case is quite different from the majority of the OECD countries which is witnessing the gradual decomposition of the welfare state. The restructuring of higher education in Malaysia is taking place in the context of a strong interventionist state. The Malaysian state goes against the global trend by expanding its role in higher education by being the provider, regulator as well as the protector of higher education. Instead of cutting back on its budget for higher education, it continues to allocate resources of all kinds to sustain the expansion of higher education in the country. It takes on a very intervening role by implementing various national policies ranging from affirmative action to accreditation of programmes. The Malaysian state invests heavily in higher education in order to ensure economic growth, social equality, and national unity.

Notes

1. LAN stands for Lembaga Akreditasi Nasional.
2. The 8 members are the Chairperson, Vice-Chancellor, a representative from the local community, 2 representatives from the government and three other persons including a representative from the private sector who have the knowledge and experience to contribute effectively to the Board.
3. The Senate consists the Vice-Chancellor as the Chair, all Deputy Vice-Chancellors, all Deans and Directors of Centres, and not more than 20 professors who are appointed by the Vice-Chancellor.
4. The ethnic quota system has been temporary replaced by the meritocracy policy in the 2002 student intakes into public institutions of higher learning.

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