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**PUBLIC AND PRIVATE HIGHER EDUCATION INSTITUTIONS  
IN MALAYSIA: COMPETING, COMPLEMENTARY OR  
CROSSBREEDS AS EDUCATION PROVIDERS**

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*Delivery of higher education used to be exclusive to the public sector in Malaysia. However, legislative changes made in 1996 led to the coexistence of public and private higher education institutions. In 2007, there were 20 public universities compared to more than 500 private institutions, of which 30 are currently categorised as universities or university colleges. Looking at their respective roles as higher education providers, public and private institutions display characteristics of being substitutes while at the same time serving complementary roles to one another. This dichotomy between public and private higher education institutions can, in fact, be seen as inclining towards a hybrid model that allows both to operate within a single system of higher education provision in the country. Such a hybrid model is evident in how the clientele is being divided between public and private higher institutions. It is also evident in the different roles played by the respective faculty members as well as in the programmes being made available in either type of institutions.*

Keywords: higher education, institutions, public universities, private universities, clientele

**INTRODUCTION AND CONTEXT**

Private higher education institutions were officially recognised in Malaysia in 1996 with the enactment of the Private Higher Education Institutions Act (PHEIA) 1996 and the amendments made to the Universities and University Colleges Act (UUCA) 1971 and the Education Act 1961.

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Although private higher education institutions were already in operation before the enactment of PHEIA, however, under the UUCA of 1971, establishment of universities remained under the exclusive jurisdiction of the Government. Therefore, before the legislative amendments in 1996, private universities in Malaysia are deemed to be illegal (Tham, 1979: 348) and public institutions were officially the sole providers of higher education.

With the ever-growing demand for public higher education due to the democratisation of education, especially secondary education, public institutions faced serious challenges of operating within the constraints of their limited allocations given by the government. This then prompted the government to encourage private institutions to play a more active role in the higher education sector through various policy and regulatory amendments (see Lee, 2004a) as well as in supporting these institutions to increase their capacity. All in all, these initiatives have strengthened and enhanced the private institutions' role as higher education providers in Malaysia.

Currently, public and private higher education institutions co-exist within the Malaysian higher education system. However, the nature of the relationship between them remains an interesting subject that this paper seeks to explore. The analysis of the relationship will be divided into three major components of higher education – the clientele, faculty and courses offered.

### **Clientele**

In trying to understand the relationship between public and private institutions as tertiary education providers, first and foremost, one needs to understand the clientele of both types of institutions. Using hypothetical situations, the relationship between public and private institutions is illustrated from the viewpoint of a competitive nature, complementary or a combination of both between the public and private institutions.

In the case of a competitive relationship, assume there are only two universities in the country; one public and one private. Both universities have similar characteristics and capacity, with the only distinction in the

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administrative structure. In such a situation, both universities will be competing for a homogeneous group of students.

On the other hand, assume again that there are only two universities; one public and one private. Due to the support of the government, the public university's tuition fee is subsidised. However the capacity in the public institution can only accommodate 50% of students in the population. Given this circumstance, all students will prefer to be enrolled in the public university to benefit from the lower tuition fee, in which those who fail to do so will seek tertiary education in the private university. In such a situation, both institutions reflect a complementary relationship.

Moving back to the case of Malaysia, the market share captured by both public and private institutions has shifted remarkably over time. In the 1970s, private institutions existed predominantly as "second chance" schools for students who failed to obtain admission into the mainstream public higher education institutions (Lee, 2004a: 19). Gradually, resulting from the highly intensified competition for admission into public institutions and the continuous expansion of tertiary education, private institutions began to offer academic and professional education at the higher education level. Even after such a transformation, in 1985, the private institutions only captured a small portion of the higher education market of 8.9%.

Beginning in the 1990s, the market share of private institutions increased tremendously, hitting an all-time record of 45.7% in 2006. This proportion reflects the significant role of private higher education institutions as education providers in the industry (see Figure 1). From merely 156 institutions in 1992, there are currently 514 private higher education institutions in the country and about 30 of these institutions are operating under the status of a university or university college (Lee, 2004a; MOHE, 2008).

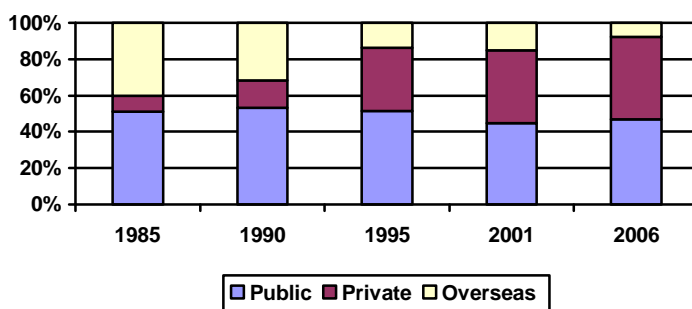


Figure 1: Percentage of Students in Various Types of Institutions, 1985–2006 (Lee, 2004a; MOHE, 2007).

However, for the last three decades, the student population in the public higher education institutions are also increased by more than threefold (see Table 1). Despite the increase in market share of private institutions, nevertheless the increase in the overall population of students in both private and public institutions reflects the continuous trend of the expansion of tertiary education and the increasing need for post-secondary qualification in a developing economy.

Table 1: Total Number of Students in Higher Education Institutions in Malaysia, 1985–2006.

	1985	1990	1995	2001	2006
Public	86,330	122,340	189,020	304,628	331,025
Private	15,000	35,600	127,594	270,904	323,787
Overseas	68,000	73,000	50,600	103,726	53,924
Total	169,330	230,940	367,214	679,258	708,736

Source: Lee, 2004a; MOHE, 2007

By mere comparison of the overall population of tertiary students in private institutions, the numbers point towards a competitive scenario between the institutions, which reflect the substitutive nature of private and public universities. However, the concurrent increase of students in both private and public institutions provides avenue for further exploration into the level of programmes and ethnicity of students, to understand the nature of the relationship between the institutions.

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Table 2: Students Enrolment to Higher Education Institutions in Malaysia, 2001–2006.

Qualification	2001	2002	2003	2004	2005	2006
<i>Public Institutions*</i>						
Diploma	92,809	67,807	69,157	62,136	60,911	67,628
Bachelor	182,649	184,190	192,288	194,470	209,148	223,968
Postgraduate Diploma	430	433	530	439	546	330
Master	24,884	25,527	27,316	30,711	28,877	30,347
PhD	3,856	3,882	5,068	6,222	7,639	8,752
Sub Total	304,628	281,839	294,359	293,978	307,121	331,025
<i>Private Institutions</i>						
Certificate	91,542	93,393	88,632	84,212	50,672	68,442
Diploma	117,090	129,929	131,947	130,265	101,311	123,937
Bachelor	59,965	67,062	90,631	105,325	101,395	124,071
Master	2,176	4,019	3,048	2,981	4,849	6,477
PhD	131	197	86	108	598	860
Sub Total	270,904	294,600	314,344	322,891	258,825	323,787

Note: \* excluding polytechnics and community colleges  
Source: MOHE, 2007

Statistics pertaining to the level of programmes that students study in the public and private universities suggest a scenario which reflects little competition between both types of institutions. In public universities, more than 60% of students are pursuing a Bachelors degree, with a significant decline in the percentage of students enrolled in diploma courses. On the other hand, 40% of students in private institutions are pursuing a Diploma level qualification and approximately the same proportion in the Bachelors degree programme. Another 20% of students in private higher education institutions are enrolled in certificate level programmes. In public and private universities, graduate students comprise only approximately 10% and 2% respectively (see Table 2). The differences in the percentage of clientele in each level of programme reflect the complementary nature of both public and private institutions as they are clearly catering for different group of clientele.

In addition to the differences in the programme levels, another interesting finding in Malaysia's higher education sector is racial segregation between the institutions. Malaysia is a multi-ethnic country comprising of 60% Bumiputerans (Malays and Indigenous), 23% Chinese, 7% Indians and the remaining 7% consisting of other ethnic groups.

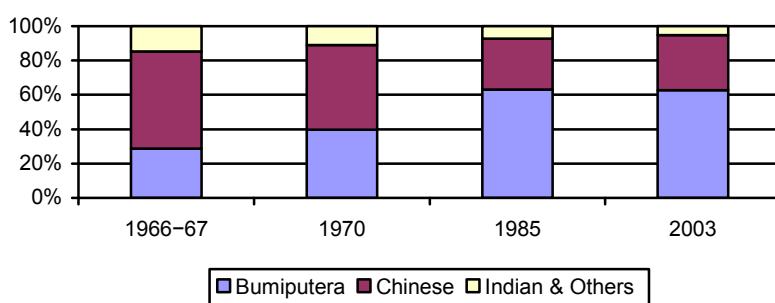


Figure 2: Ethnic Composition in Public Universities, 1966–2003 (Sato, 2007).

Retrospectively, the ethnic composition in the Malaysian higher education landscape has experienced tremendous changes. Before 1970, the Chinese were the predominant ethnic group in public universities. In 1971, subsequent to the racial riots of 1969, the government introduced the New Economic Policy (NEP) with its two thrusts of 'eradication of poverty' and 'restructuring society and economic balance' (Sato, 2007: 8). Resulting from the implementation of the affirmative action policy of NEP, the racial composition in universities was required to reflect the racial structure of the larger society (Tham, 1979: 334). Since then, the racial composition in public universities has changed and the Bumiputerans became and continues until today to be the predominant ethnic group in public institutions.

Tham (1979: 348) and Sato (2007: 13) further remarked that due to restricted educational opportunities for the non-Bumiputerans in public institutions, particularly the Chinese community, these students left the country to pursue tertiary education in overseas universities. In 1980, almost 61% of Malaysian students overseas were ethnic Chinese. With the massive growth of private institutions from the 1990s onwards, the non-Bumiputerans began to switch from pursuing their tertiary education

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in overseas universities to private institutions in the country. Therefore, as Ahmad Mahzan and Noran Fauziah (1999) noted, the growth of private higher education institutions were partly contributed by the limited avenue for deserving students (of other ethnic groups) whom were denied entry to public institutions to pursue post-secondary education, as about 95% of the clientele in private institutions is made up of non-Bumiputera students.

As a whole, looking from the clientele's viewpoint and applying the hypothetical situations, private institutions seem to play a complementary role in providing an alternative route in higher education, especially in this era of universalisation of education along with the limitations of public institutions to cater to the increasing demand for tertiary education. As illustrated by Altbach (2002), this happens when the state is unable or unwilling to provide the necessary support for the expanding post-secondary sector and therefore private institutions need to fill the gap, particularly in the expansion of higher education. Although the quota policy had been replaced by meritocracy in 2001, nevertheless, the practice of true meritocracy was questioned as there continued to be two pathways for access to public universities (Sato, 2007: 20). Even though access to public institutions seems difficult and challenging, especially to certain groups of students, nevertheless, the highly subsidised tuition fees remain an attractive factor that influence students' decision to select the public institutions as their first choice. In this sense, private institutions play a vital complementary role in providing the alternative option for students to pursue higher education with less competition but at a higher tuition fee.

At the same time, private institutions also take the role of competitor to public institutions. Since the medium of instruction in private institutions is English while Malay language continues to be the official medium of instruction in public institutions, this difference has created some comparative advantage for students to pursue higher education in private institutions. Adding to that, many of these private institutions have twinning programmes with foreign universities which confer the degrees. Thus such programmes allow students to obtain foreign qualifications, and yet with a much lower tuition and living cost, since these programmes could be done locally or through twinning and credit transfer with foreign universities. Therefore, it is expected that the foreign degree and the preferred medium of instruction will provide

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added value to the employability of the graduates. This comparative advantage provides an edge to private institutions over public institutions, which mirror the substitutive nature of private and public institutions.

All in all, from the analysis of the clientele aspect, public and private institutions operate much on a platform with a combination of competitive and complementary elements; more like a hybrid of both elements.

### **Faculty**

The characteristics of higher education institutions also are heavily influenced by the faculty. Academic staffs play an all-important role in determining the quality of the institutions, in the areas of teaching and learning, research and development as well as development of curricula.

The trend in hiring academic staff in higher education institutions reflects the targeted market of the institution. Specifically for quality assurance, there is a policy regarding minimum compliance on faculty quality, whereby faculty teaching in degree programmes must hold a minimum of a Master's degree (Muhamad et al., 2006: 73). As discussed in the previous section where public and private institutions are predominantly geared towards Bachelor and Diploma level qualifications respectively, the qualification of faculty members also mirrors the proportion of students in each level of programme at their respective institutions.

On one hand, in public institutions, 60% of faculty hold at least a Master's degree while another one quarter of them has a doctorate. On the other hand, in private institutions, 45% and 41% of the faculty possess a Bachelor's and Master's degree respectively. Only less than 10% of them in the private institutions possess a doctoral degree (see Figure 3).



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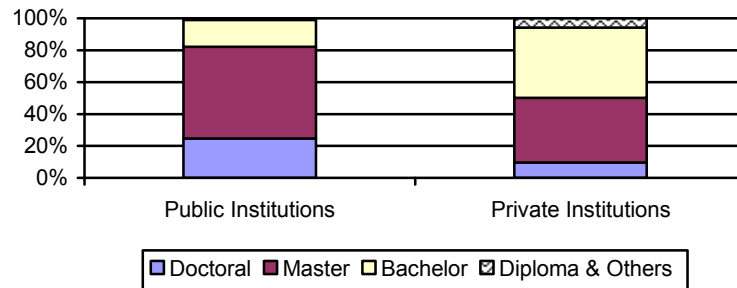


Figure 3: Academic Staff and their Highest Level of Qualification, 2006 (MOHE, 2007).

In this respect, the current relationship of private and public institutions might not be clear but this relationship clearly point towards the direction of substitutive, where in long run, both institutions will be competing for the same pool of faculty. For the past two decades, private institutions have grown remarkably with significant increase in the numbers of institutions being upgraded from college to university college or university. With the upgraded status, these private institutions can now offer academic programmes at a higher level, such as Master and doctoral degree. As a result, there will also be an increasing demand for faculty with higher qualifications to cater to the growing needs of private institutions in offering higher level programmes, in accordance with the minimum quality compliance.

Moreover, “staff pinching” among the private institutions is common and has been pointed out as one of the reasons for the lack of training provision for their staff (Muhamad et al., 2006: 102). In such circumstances, “staff pinching” between public and private institutions is more likely to happen, given the greater proportion of doctorates in public universities. As pointed out by Lee (2004b), to overcome the shortage of academics, private universities hire a substantial number of part-time lecturers either from the respective industries or from the more established universities.

Therefore, private institutions can be seen as competing with public institutions to tap the scarce resources of trained faculty and that clearly reflects the competing role between the institutions in this respect.

### Programmes and Courses Offered

All programmes offered by private higher education institutions in Malaysia are subjected to the accreditation requirements of the Malaysian Qualifications Agency (MQA). To date, 4000 courses, ranging from pre-university to doctoral level, have received accreditation from the agency and the details are available in the MQA website (MQA, 2007). As for the public universities, all degree courses offered are listed in the Ministry of Higher Education's website to enable students to make their choices during the university entrance application (MOHE, 2008). These two listings provide an avenue for comparisons between public and private institutions in terms of the fields of study offered (see Table 3).

Table 3: Characteristics of Programmes Offered by Public and Private Institutions, by Field of Study.

Field of Study	Public	Private
Sciences	Offered in all public universities	No Bachelor programmes
Applied Sciences	A varieties of specialisation and available in almost every public universities	Very few, mostly in environmental-related areas
Social Sciences/Humanities	All areas covered and available in established universities	Selected areas such as psychology, communication and journalism
Engineering	Encompassed all specialisations	Offered in common specialisations
Business-related	All-in-one degree	Varieties of specialised degree

Source: MQA, 2007; MOHE, 2008

For the hard sciences, every public university offers bachelors degree in physics, chemistry, biology, mathematics and statistics, along with many specialisations and applied programmes in various aspects of science. On the other hand, from the 4000 courses listed among the private institutions, there are only four diploma courses in the pure sciences. In addition, there are two bachelor courses, two Master's and two doctoral programmes in the area of applied sciences being offered by private institutions. In all the private institutions, specialised

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programmes such as agricultural sciences, forestry, fishery and veterinary are not offered.

Similarly, programmes in the social sciences and humanities are given very little attention by the private institutions. There are only two such courses that have been accredited and both are in the area of psychology. Subjects such as history, geography, political science, social work, sociology, anthropology and philosophy are non-existent in private institutions. Literature and cultural studies are only available in three private institutions, and these subjects are mainly associated with programmes in communication or journalism. Even in popular social science programmes like economics, there are only two programmes that focus entirely on economics. All other economics programmes are jointly offered or as a specialisation in management, finance, banking or commerce, which total to 51 in the MQA listing. On the opposite spectrum, social sciences and humanities programmes are well established in public universities, particularly the four major research universities: University of Malaya (UM), Universiti Sains Malaysia (USM), Universiti Kebangsaan Malaysia (UKM) and Universiti Putra Malaysia (UPM).

As rightly pointed out by Fuller (1999), private institutions, especially the for-profit institutions, predominantly offer courses in science and business. More specifically, they are the engineering sciences, information technology and computing, and business programmes. However, the specialisations within the field of engineering are further confined to those that are of popular demand. A large number of the engineering programmes offered by private institutions are electrical, electronic, communication systems, information systems, along with a handful in civil, mechanical, mechatronics and environment. In contrast, engineering programmes in public universities generally encompass all aspects of engineering including highly specialised areas such as oil and gas, chemistry, marine, manufacturing, aeronautical and biotechnology.

Likewise, most of the business-related programmes in private universities focus solely on management, marketing, accounting or business administration along with several in commerce, entrepreneurial, secretarial studies, retail management, public relations, operational management and events management. Public universities tend to offer all-encompassing degrees in business administration with some

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variations of majors in areas such as international trade, Islamic banking or insurance.

In this aspect, public and private institutions play complementary roles. It is clear that private institutions, especially the large majority which are profit-driven, focus on courses that are popular and highly in-demand. Rightly pointed out by Fuller (1999), programmes such as history that is said to have no market value, was dropped by Taylor's College, a leading private higher education provider which is now known as Taylor's University College. The comparison of courses from the listing for both public and private institutions clearly indicates the contrasting trend between the higher education providers in Malaysia. Public universities provide a comprehensive approach to university education whereas private universities and colleges are predominantly market-driven in the choice of courses being offered.

## **CONCLUSION**

Through the examination of the important components of higher education institutions – clientele, faculty and programmes offered – the relationship between public and private institutions can be concluded to be a hybrid of substitutive and complementary elements rather than strictly one or the other as a particular characteristic, in defining their relationship as education providers.

It is important to recognise that the present hybrid nature of relationship is essential to the Malaysian higher education system, until and unless one of the institutions alter its' role to a purely competitive or purely complementary one. When that happens, then the existing system might not be able to fulfil its' role as provider of higher education in the country.

More importantly, by identifying the important elements that shaped the hybrid relationship between both institutions – subsidy in tuition fees, national policies in areas of language and access, as well as the economic drive of private institutions – this paper has provided insights on ways to achieve greater efficiency in policy formulation and also revealed implications pertaining to higher education in Malaysia.

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