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## The Development of Global Education in Malaysia: Strategies for Internationalization

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The globalization of society and the economy has had an impact on research and education and been influenced by them. In the case of Malaysia, a liberalized democratic education policy brought a sudden upsurge of foreign students to Malaysia in 1966, when the government introduced the Higher Education Act. Terms such as international education and global education were an expression of this development. To become a major player, however, Malaysia essentially needs to acquire global competencies, in curriculum, administrative ease or pricing, in order to make its location a strategic choice for post-secondary education. The globalization of markets and competition, rapid technological changes and changing relationships between states and firms require different approaches from those traditionally assumed. This chapter proposes the development of a coherent global education model of higher education, based on an eclectic-locational rather than a multi-disciplinary approach.

### 1 Introduction

Although the first university was established in 1962, foreign student enrolments in Malaysia have only increased rapidly in the last 25 years. The total number increased from 32 in 1970 to 12,605 in 1999. While foreign students still represent less than 2 per cent of higher education enrolments in Malaysia, this proportion is likely to grow over the next decade as university enrolments increase and the government policy of liberalizing higher education continues. One consequence to date has

been that many colleges and universities depend on students for a major part of their tuition revenues or enrolment-determined budget, a dependence that is likely to grow over the next decade. A further consequence of larger flows of foreign students is a probable increase in the number of private colleges and foreign university campuses in Malaysia. Anuwar (1997) argued that the rapid expansion of Malaysian higher education, involving extensive growth, relied principally on the liberalization of government education policies. Whilst Kamarudin (1997), Sulaiman (1997) and Ramaiah (1996) agreed that more openness contributed to this growth, they also believed that characteristics related to choice of course and selection of institution were deciding factors in determining the choice of location.

The growing influence of foreign students as consumers of Malaysian higher education services highlights the importance of understanding the nature of this phenomenon more clearly. This study empirically identifies which of the above factors have made a significant contribution to the growth of foreign student enrolments in the last decade. It applies the model of foreign student demand for Malaysian higher education and takes the view that liberalization of higher education improves growth prospects for the internationalization of Malaysian higher education. Section 2 examines the openness to foreign student enrolments. The received theory and data employed in the analysis are described in section 3. Estimation procedures are discussed in section 4, and regression results are also reported there. Concluding comments are provided in section 5.

## **2 Foreign student performance**

Comparatively speaking, the number of foreign students in Malaysian universities is insignificant. In any one of the years between the 1986–87 and 1989–90 academic sessions, foreign students numbered no more than 466 (or 0.8 per cent) of the country's university population. This low inflow of students from abroad could be influenced by factors such as university admissions policy, the local demand for higher education, the language issue, provision of learning, teaching and research facilities, student accommodation, and student welfare services. Table 11.1 shows the growth of student admission and foreign student enrolment in Malaysia from 1996 to 1999, which ranged from 0.08 per cent to 2.0 per cent per annum. However, this pattern is not uniform across the countries of the region. During this period, ASEAN as a group reported a growth of close to 2.5 per cent per annum. An interesting

*Table 11.1* Public and private universities offering degree programmes

(a) Public	Universiti Malaya
	Universiti Kebangsaan Malaysia
	Universiti Sains Malaysia
	Universiti Putra Malaysia
	Universiti Teknologi Malaysia
	Universiti Islam Antarabangsa
	Universiti Utara Malaysia
	Universiti Malaysia Sarawak
	Universiti Malaysia Sabah
	Universiti Institut Teknologi Mara
	Universiti Pendidikan Sultan Idris
	Kolej Islam Sultan Zainal Abidin
	Institut Teknologi Tun Hussein Onn
	Kolej Universiti Islam Malaysia
	Kolej Universiti Islam Malaysia
Kolej Universiti Sains & Teknologi Terengganu	
Kolej Tun Abdul Rahman	
Kolej Universiti Teknikal Melaka	
(b) Private	Universiti Petronas Malaysia
	Universiti Multimedia Malaysia
	Universiti Tun Abdul Razak
	Universiti Tenaga Malaysia
	Universiti Terbuka Malaysia

*Table 11.2* Post-secondary enrolment

Year	No. institutions	Enrolment
1965	48	12,965
1970	22	16,404
1980	26	48,851
1985	34	74,607
1990	38	122,340
1995	42	189,020
2000	55	264,690

feature of this student enrolment was that it did not seem to be affected by the economic crisis that attacked the region.

Table 11.2 shows a number of new institutions (public and private), a proxy for openness, and firm-level data of the institutions as an indicator of market performance. Historically, the first university was established in 1962 when the division of the University of Malaya in Kuala Lumpur was upgraded to full university status. Eight other universities

were established between 1969 and 1995: the University of Science Malaysia 1969, the National University of Malaysia 1970, the University of Agriculture Malaysia 1971, the University of Technology Malaysia 1972, the International Islamic University 1982, the Northern University of Malaysia 1984, the University Malaysia of Sarawak 1994, the University Malaysia of Sabah 1995, and the University MARA Institute of Technology 1997.

### **3 Received theory and data**

Malaysian private and public educational institutions have emerged as important avenues to meet the increasing demand for higher education among both Malaysians and foreigners. The large student demand for higher education has remained constant. This enormous demand for higher education in the case of Malaysian students is a complex interaction of three main sets of social, political and economic factors operating at both personal and societal levels. At the personal level, higher education is seen as a key to jobs with good salaries, as conferring social status and prestige, and as an avenue to social mobility. At the societal level, the Malaysian government uses higher education programmes to restructure Malaysian society, so that more of the indigenous population can pursue higher education and later on improve their living standards. As for foreign students, selecting Malaysia as their preferred location for higher education implies that it provides greater benefits, both tangible and intangible, and that these override the cost. From the student point of view, Malaysia offers a unique advantage and by selecting it students will be able to study at reasonable cost. The resource-based view of the firm (Penrose 1959; Barney 1991) proposes that its ability to create wealth is largely determined by its unique capabilities. Firm success or failure is not entirely dependent on industry structure, but rather on the function of the resources and capabilities controlled by the firm, deployed by managers, and developed and extended by the organization (Schendel 1994). A basic premise of this theory is that firm capabilities that are rare, inimitable and difficult to trade form the basis of a sustainable competitive advantage (Barney 1991). Subsequent researchers have highlighted the importance of intangible resources such as knowledge and scientific capabilities to competitive advantage (Kogut and Zander 1992; Petruff 1993; Henderson and Cockburn 1994; Deeds, DeCarolis and Coombs 1997).

During the last few decades, dozens of studies have examined various aspects of tertiary school internationalization. Some have focused on

the internationalization of curriculum (Kubin 1973; Mintz 1980; Burns 1990). Some have examined internationalization at different degree levels, such as the masters' level (Ball and McCulloch 1988; Nehrt 1987) or the doctoral level (Kuhne 1990). Some have focused on a particular region or country, such as Europe (Luostarinen and Pulkkinen 1991), the USA (Terpestra 1969), and Japan (Cummings and Kobayashi 1985). Major strands that explain the rapid inflow of foreign student enrolments concern course characteristics, country characteristics, administrative processes, and cost factors (Lawley and Blight 1997). Several studies highlight the importance of course characteristics (Austin 1988; Wu 1989; Steadmena and Dagwell 1990) and confirm that course characteristics which refer to standard or quality of course, recognition of qualifications, and time taken to complete a course are important determinants for selecting a place of study. On the other hand, Harris and Rhall (1993), Smart and Ang (1992), and Hill, Romm and Patterson (1992) confirm country characteristics as the most significant contributing factor to the choice of location. Variables contributing to country characteristics include the level of personal safety, lifestyle, the potential to emigrate, the opinion of family and friends and their presence in a destination country. The second most important determinant for choice of destination is the administrative process, which includes ease of admission to institutions, ease of obtaining a visa, ease of gaining exemptions, availability of information about a destination, and being able to work part-time legally. These variables have been found to be of central importance in influencing the choice of destination as confirmed by Hill, Romm and Patterson (1992) and Rao (1997). The other factor of importance is cost characteristics. The variables that influence cost are comparative financial cost, availability of scholarship, distance from home, and psychological costs such as racial discrimination and the presence of students from other countries. Studies that reflect the importance of this criterion can be seen in Hill, Romm and Patterson (1992), and Purdy (1992).

Hence, the measure of Malaysia's unique advantages as a destination for higher education stems from both financial and non-financial benefits. The rising cost of tertiary education overseas in the traditional places, with the imposition of full fees beginning in the mid-1980s for foreign students, and the upsurge in demand for higher education, has led to the expansion and provision of various forms of higher education. The variables that influence cost are comparative financial costs, such as tuition fees, accommodation, transportation, living expenses, entertainment and recreation expenses, amongst others. In the case of

non-financial benefits, prospective students scrutinize specific areas of organizations that offer tertiary education, including the overall strength of the institution, such as curricula, language of instruction, availability of qualified lecturers, and teaching facilities.

One type of pecuniary benefit is the possibility of converting student visas to a different status, one that would permit employment or permanent residence. Hence, this benefit is measurable and might explain the flow of foreign students to Malaysia. Some students may enrol in Malaysian institutions of higher education with the intention of eventually having their visa status adjusted. For these students, status adjustment may be an easier method of immigration than directly applying for an immigrant visa in their country of origin. Other students, especially those receiving Malaysian or home government financial aid, may find it very difficult to get their status adjusted while still in Malaysia but could establish contacts that later permit direct immigration. Most foreign students, however, probably enrol in Malaysian institutions, simply knowing that there is a possibility of immigration. The potential benefits of immigration would obviously influence their enrolment decision.

Students incur costs whether they attend college at home or abroad, but the amount may differ and thus influence student enrolment decisions. Normal costs include out-of-state tuition fees, board and lodging, food and entertainment, and travel and transportation. Malaysian institutions may want to introduce residential accommodation in order to attract foreign students to enrol for higher education at their colleges and, at the same time, reduce other restrictions that make a distinction between foreign and local students. In addition, the cost of room and board in Malaysia might normally exceed the cost of room and board in the home country, where students probably live at home. Hence, students might find it attractive to study in Malaysia if institutions were able to arrange some kind of financial assistance such as part-time work or internships that would reduce their tuition fees. Students view differences in tuition and living costs between the home country and Malaysia as part of the cost of Malaysian higher education. Hence, in summation, it is also implied that the availability of institutional or governmental financial aid and family income play an important role in student decisions about where to attend college.

Curriculum, medium of instruction, exemptions and duration of study are key components in the internationalization of the Malaysian tertiary programme. Students are keen to know what level of education can be achieved should they choose to study in Malaysia. In the case of the curriculum, for example, students will be interested to know whether

the Malaysian system follows the practice of infusion or integration of core and general subjects. For some students, integration of a larger percentage of core subjects in junior and senior years will certainly give them added advantage, particularly those who are thinking of pursuing post-graduate studies at a later stage. The implementation of exemptions and credit transfers is another area with a strong bearing on the decision to study in Malaysia. It is a very common practice for universities to accept credit transfers and give exemptions for work done previously in other institutions of post-secondary education. These provisions would enable students to finish their schooling earlier, and cut expenses. Hence the availability of exemptions and credit transfers could be decisive for these students in choosing Malaysia as their location for tertiary education.

Finally, the last issue governing a student's decision to study in Malaysia is related to administrative processes that include ease of admission to institutions, obtaining visas, and gaining exemptions. Malaysian universities normally commence the academic year in late May. Potential students must be fully informed of such issues as student visas and other related areas in time. Students also want to know whether they are allowed to work part-time, particularly during the long vacation. Choosing Malaysia as the destination of post-secondary education seems greatly influenced by the ready availability of this information, either at Malaysian embassies or through information channels of the potential colleges, as well as rapid administrative implementation by the respective institutions.

The theory thus implies that foreign student demand for higher education in Malaysia relates directly to market and organizational conditions such as course characteristics, country characteristics, administrative processes and costs. Demand is thus expected to vary directly with expected income differentials attributed to higher education, family income, and financial aid inversely with tuition, books and supply expenses, and opportunity costs. The demand model postulated above assumes that the supply of places to foreign students is exogenous. In Malaysia, where foreign students represent a small proportion of all college students, and where (according to Table 11.1) no country, apart from Iran, supplies a large proportion of all foreign students, and where an abundance of enrolment-hungry institutions exists with low admission standards, this assumption is not a strong one. While some elite colleges and universities may impose constraints on the number and composition of foreign students, and some graduate programmes may also face capacity constraints, foreign students wishing to study in Malaysia can usually do so with little difficulty.

A model of foreign student demand for Malaysian higher education would ideally include variables representing each of the costs and benefits listed above. Unfortunately, much of the desired information either does not exist or does not exist in cross-section data. Time-series data on income differentials associated with having been educated in different countries is not available for use either in this study or by prospective students. Given the absence of such information, it is unlikely that year-to-year variations in foreign student enrolments in Malaysia reflect changes in current income differentials, especially since the appropriate benefit measure is future income differentials as perceived by students.

### 3.1 Specification of the model

The theory of foreign students' demand and the data limitations discussed above result in an empirical model which postulates that the individual decision to attend college in Malaysia is affected by the unique characteristic of the course offered by the institutions in the country ( $C$ ), the price ( $P$ ) or cost of Malaysian higher education to the student, the host administrative ease ( $A$ ) for higher education in the host country, and the expected benefits ( $Y$ ) in the host country such as climatic conditions, short distance from home, and tolerance and liberal attitude among the residents. While this model explains individual decisions, the number of students ( $F$ ) from a particular country enrolling in Malaysian institutions depends in part on the size of the college-eligible population ( $N$ ) in the country of origin. The model of foreign student demand can thus be summarized as:

$$F = f(C, P, A, Y) \quad (11.1)$$

This equation represents demand for Malaysian higher education by residents of a given country. In fact, the measure of educational opportunities applies only to undergraduates. No satisfactory measure exists to describe such opportunities for graduate students, and in most developing countries the graduate education offered is not a good substitute for that offered by industrialized nations, including Malaysia.

### 3.2 Research methodology

#### 3.2.1 Questionnaire

The survey questionnaire consisted of two separate parts. Part A was addressed to the head of the organization (the dean or equivalent administrator). It asked questions about the role of internationalization in the mission of the college, the organizational structure, the programme



offered, the structure of the academic staff and administrators, and the level of student and staff satisfaction with various internationalization efforts, particularly with respect to student and staff facilities and welfare.

Part B of the questionnaire was considerably longer and was addressed to students currently pursuing tertiary education in the college. These students had to be from outside Malaysia and registered in a bachelor degree course. It asked questions about programme and faculty internationalization and the international linkages between the institution surveyed and foreign institutions, and the level of satisfaction with internationalization efforts and progress.

### 3.2.2 *The sample*

The sample was designed to focus on an educational institution with post-secondary business degree programmes and foreign student enrolments. The sample was taken from several sources, including the Malaysian Ministry of Education listings for institutions granting degrees, institutional subscribers to the *Journal of Education Malaysia*, and from the Student Visa Division of the Department of Immigration, Malaysia. The resultant sample consisted of 563 institutions and 25,000 importers of Malaysian higher education, 80 per cent of whom were located in Kuala Lumpur and the remaining 20 per cent outside the capital. Institutions included in this study had to have no fewer than 500 full-time students registered and a minimum of 20 foreign students enrolled in their colleges. Countries with fewer than 50 students were excluded because their presence was minimal. The final outcome of the exercise was that 721 respondents from 15 countries participated in this study. A further reason for selecting the 15 nations was the growing increase in foreign students originating from these institutions. The first mailing of the questionnaire was completed in March 2001. Follow-up mailings were completed in May 2001.

## 4 Major findings

Hierarchical regression analysis was used to determine the factors that contributed most to predicting the intention of foreign students to study in Malaysia. The analysis proceeded in two stages. In the first stage, a correlation analysis of intention was conducted. The objective of this analysis is to choose a destination with the perceptions of that destination on each factor. In the second stage it was regressed on the study's four independent variables. The estimated results are given in Table 11.3. These results are acceptable as it is generally acknowledged

in behavioural science that  $R^2$  values of between 20 per cent and 30 per cent are satisfactory. The adjusted  $R^2$  also appear acceptable as they dropped minimally in the equations, indicating the adequacy of the sample size. The results in Table 11.3 also showed an  $F$  value, indicating the significance of the equations at the alpha level of 0.05. Finally, Table 11.3 also gave estimates of regression coefficients which are normally greater than 0 at the alpha level of 0.05, as indicated by  $t$  values. In general, the other estimated coefficients have the expected signs, and educational opportunity is significantly related to the place of offering. The estimated coefficients are typically of the expected sign. The statistically significant estimates of course characteristics, price elasticity and country characteristics are positive, and range in size from 0.098 to 0.271. The exponents associated with obtaining student visas, information about studying in Malaysia, and working part-time are consistently negative. The estimated coefficients for the respective countries are almost similar on course characteristics, country characteristics, administrative process and price.

Table 11.3 Model summary

Model	$R$	$R$ square	Adjusted $R$ square	Std error of the estimate
1	0.554	0.306	0.283	0.5558

#### ANOVA

Model		Sum of squares	$df$	Mean square	$F$	Sig.
1	Regression	76.559	19	4.029	13.043	0.000
	Residual	173.307	561	0.309		
	Total	249.866	580			

Notes: Predictors: (constant); courses are quicker to complete; difficult to obtain information about studying; the climate is not very good; my friends think it is a good place to study; short distance from home; comparatively cheap place to study; a safe place to study; easy to gain entry to universities/institutions; there are high levels of racial discrimination; difficult to get a student visa; my family think it is a good place to study; I would like to immigrate here; recognized qualification; there are scholarships available; teaching facilities are of a good standard; possible to work part-time legally; favourable way of living; easy to gain exemptions; standard of courses available in Malaysia is high.

Model		Non- standardized coefficients B	Std error	Standardized coefficients Beta	t	Sig.
1	(Constant)	1.577	0.200		7.870	0.000
	Standard of courses available in Malaysia is high	0.166	0.030	0.271	5.576	0.000
	A safe place to study	1.119E-02	0.030	0.016	0.376	0.707
	Comparatively cheap place to study	6.032E-02	0.027	0.098	2.243	0.025
	Difficult to obtain information about studying	-7.039E-02	0.027	-0.108	-2.563	0.011
	Recognized qualification	1.869E-02	0.028	0.030	0.662	0.509
	My family think it is a good place to study	8.840E-02	0.031	0.122	2.862	0.004
	I would like to immigrate here	-1.019E-02	0.022	-0.021	-0.470	0.639
	Difficult to get a student visa	-6.582E-02	0.022	-0.132	-2.967	0.003
	Teaching facilities are of a good standard	9.856E-02	0.034	0.132	2.927	0.004
	Possible to work part-time legally	-3.293E-02	0.020	-0.074	-1.614	0.107
	Easy to gain entry to universities/institutions	3.811E-02	0.030	0.053	1.282	0.201
	My friends think it is a good place to study	3.840E-02	0.031	0.056	1.222	0.222
	The climate is not very good	-1.545E-02	0.024	-0.027	-0.642	0.521
	Easy to gain exemptions	7.344E-02	0.028	0.122	2.626	0.009
	Short distance from home	2.133E-02	0.019	0.047	1.103	0.271
	Favourable way of living	7.336E-02	0.033	0.102	2.255	0.025
	There are high levels of racial discrimination	2.725E-02	0.022	0.052	1.219	0.223
	There are scholarships available	-1.441E-02	0.026	-0.025	-0.565	0.573
	Courses are quicker to complete	1.628E-03	0.027	0.003	0.061	0.951

Dependent variable: overall evaluate Malaysia for tertiary education.

#### 4.1 Discussion

As stated earlier, the goal of this study is to introduce and justify the use of firm-specific capabilities and location characteristics to develop the internationalization of higher education in Malaysia. In particular, we suggested that the internationalization development undertaken by the institutions is accurately captured when the processes are fully implemented in the implementation of the model. The inclusion of course characteristics, country characteristics, administrative processes, and costs in the process creates a more realistic representation of the model. How the decision to study in Malaysia was developed in our model of firm-specific capabilities and destination choice for post-secondary education.

The results provide strong evidence for the underlying premise that course characteristics, country characteristics, administrative processes, and costs are important determinants of locational decisions to pursue post-secondary education in Malaysia. Four of our 19 variables received support at the 0.05 level or higher. We were able to explain over a third of our variation in the absolute extent of internationalization development in our sample.

Though for most countries the number of foreign students in Malaysia has increased over time, the size of the eligible pool or population has increased even more rapidly. Participation in secondary education has risen above a minority of the population over the past 30 years for most of the countries in the study. Although a very small proportion of secondary school graduates gain access to higher education, the number of college students often increased more rapidly than secondary school enrolments (UNESCO). The assumption made here is that, *ceteris paribus*, a percentage increase in the eligible population results in the same percentage increase in foreigners from that country studying in Malaysia. In fact, the proportion of all college students who elect to study in Malaysia has been increasing for most of the countries of origin. While other factors offer potential explanations for this phenomenon, we see the relationship of income, price, educational opportunity and immigration benefits as the most relevant factors favouring post-secondary education in Malaysia.

The income-elasticity of demand is readily used in normal quantitative analysis to estimate the influence of price on demand. In this study, however, we used the minimal (but statistically significant) cross-section data. The coefficient for variable price is 0.098 and its *t*-value is 2.243. As noted earlier, per capita income may be a poor measure of income for the eligible population, but in this study it does explain its strong predictive power. Studies on domestic demand for higher

education usually find large, statistically significant, income-elasticity. This study revealed a trend towards price increase which, however, does not affect the desire of foreign students to attend Malaysian colleges and universities. Tuition (plus room and board) has increased from \$1,155 in 1970 to \$30,542 in 2000. According to the regression results, this increase has not reduced the number of undergraduate and graduate foreign students in Malaysia. Other items in this sub-group were availability of scholarships, racial discrimination and duration of study, all of which seemed to be insignificant in determining Malaysia as a location for post-secondary education.

The reasons for prediction are not easily ascertained, but the principal explanation seems fairly straightforward. Although one cannot obtain precise numbers, both Indonesia and Thailand greatly increased financial aid to students studying abroad during this period. Such financial aid appears to be part of an overall strategy of investment in human capital, consistent with the ambitious development plans of both countries. Their fulfilment was, of course, financed to a large extent by the rapid growth in revenues from the oil exports of both countries.

In fact, both Southeast Asian countries and the Asian region increased educational expenditure at a much more rapid rate than the growth of GNP. GNP increased at an annual rate of 11.1 per cent in the Asian region and 15.3 per cent in the Southeast Asian region between 1990 and 1996, while educational expenditures increased annually by 57.8 per cent and 77.0 per cent, respectively, in the same time period. The elasticity of educational expenditures with respect to GNP is higher in general for Southeast Asian countries than for other developing countries. In addition, this elasticity was higher after the 1970s for Southeast Asian countries than beforehand.

The course characteristics variable showed a significantly positive relation to the choice of location. The course characteristics variable in our study, which was measured by the item standard of course offered, was positive and significantly related to location at a 0.05 level, with its coefficient at 0.271 and its *t*-value at 5.576. The standard of course recorded the highest coefficients among the variables of sub-groups comprising the course structure. The other item in this sub-group which registered a positive relationship was teaching facilities. Teaching facilities recorded a fairly significant relationship with choice of location. The coefficient value for teaching facilities was 0.132 and its *t*-value was 2.927. The only item of insignificance in this group was recognition.

Administrative ease is an important determinant for the decision to study in Malaysia. Five items measured administrative ease. In the case

of Malaysia, the exemptions item seemed to have a strong influence on the choice of location. Ease in gaining exemptions was significantly related to destination. This item registered a coefficient of 0.122 and its *t*-value was 2.626. The other item which registered a positive but not significant relationship was ease of entry with a *t*-value of 1.282. The other items in this sub-group seemed to behave negatively in relation to the choice of location. Difficulty in obtaining a student visa, difficulty in obtaining information about studying in Malaysia, and legally working part-time registered at  $-2.967$ ,  $-2.563$  and  $-1.614$  respectively.

Country attributes were also important determinants for the choice of location for post-secondary education. In the case of Malaysia, attributes such as a favourable way of living and opinions of family and friends were important dimensions for the suitability of the location. These three items seemed to have exerted a strong influence in the choice of country with two of these factors (favourable way of living and family opinion) recording *t*-values of 2.255 and 2.862 respectively. Climate, potential to immigrate, and safety seemed to be insignificant in determining the location.

Several explanations can be offered for the progress of internationalization in Malaysian post-secondary education. First, the tremendous growth in human capital investment in Asian countries, apart from reflecting the growth in GNP, may have resulted from the relative ease with which such an investment could be made relative to time-consuming physical investment. Furthermore, the enormous rise in secondary school enrolments over the previous decade in most Asian countries meant that human capital investment via higher education abroad was one that could be undertaken with almost no time-lag. This highly-educated manpower would be viewed as essential to successful implementation of development plans and future staffing of national institutions of higher education.

Second, with the gradual integration of the world economy, the method of conducting international trade is converging under common methodology, criteria and practices, and in particular Anglo-American rules. The education sector is no exception, where transactions are conducted at arm's length rather than on the basis of personal relationships. Transparency, administrative credibility and solid systems for evaluating programme performance are regarded as paramount.

Third, the rules of the game in the global economy are usually set by the dominant power, while the weak have no choice but to acquiesce. The strong seek to restrain the advance of competitive forces in order to defend their position, meaning that the leadership of a late-industrializing

country must have the vision and strategic thinking necessary to elevate it to the ranks of advanced economies.

Fourth, there is no denying that Malaysia has taken a huge leap in economic development over the past 30 years, which was only possible because of the country's unique strengths. Specific conditions related to Malaysia's socio-political importance also played a major role, but there is no doubt that the nation's economic development would not have been possible if Malaysia had not had a strong institutional and structural foundation. After all, Malaysia's privatization policy includes a number of positive features. The existence of numerous affiliated firms within the programme has enabled them to overcome problems related to immature markets, and pursue bold investments in new areas.

Finally, to progress further and succeed as a centre for educational excellence, Malaysia needs to internationalize its education system and reform its public sector in ways that ensure government policies are formulated and implemented by professionals who are familiar with international practices and have a global perspective. In short, Malaysia will have to attain a level of globalization equal to that of Singapore and Hong Kong. But globalization does not mean recklessly opening up markets that are still immature; it must be supported by strategic thinking and vision. Malaysia has a record of having successfully achieved economic development with its own strategy and vision, but this was in the 1970s. Circumstances surrounding Malaysia and the world have changed markedly since then, and the new environment demands that Malaysia develop a new strategy and vision to adopt open and internationalized systems and norms.

## **5 Conclusion**

The number of foreign students in Malaysia has increased for the most part because eligible populations have increased, especially in the non-industrialized countries of the world. Enrolment for secondary and higher education in these countries has grown even more rapidly than the number of foreign students in Malaysia. A conceptual analysis of the factors that seem to attract foreign students pursuing post-secondary education in Malaysia exhibits an interesting scenario on the process of internationalization. While Malaysian higher education enjoys comfortable location advantages to some extent, its institutions seemed to be losing balance in their quest for well-measured unique firm-specific advantages. The empirical section of this study reveals that course attributes, country characteristics, cost and administrative ease are

significant predictors in influencing the decision to attend post-secondary education in Malaysia. While Malaysia enjoys significant advantages in areas pertaining to the quality of the course and country attractiveness, the other two factors of cost and administrative ease seem to be on the decline and need to be improved. To continue successfully, Malaysia needs to streamline its internationalization strategy. Greater improvement of courses and quality of student services, such as accommodation and recreation facilities, as well as teaching resources (in particular, well-qualified lecturers and capable administrators), are needed immediately. Apart from this, Malaysia also needs to contain its costs in order to allow the programmes to enjoy cost competitiveness. Once this is carried out, the eligible population will increase significantly over time as a result of two primary factors: a rise in the actual cost of Malaysian higher education and improved higher education opportunities in the host country. For most countries, the elasticity associated with these variables is relatively large. The projected demand model for post-secondary education indicates that if UNESCO projections of growth in secondary and higher education enrolment are accurate, the total number of foreign students in Malaysia will increase substantially by 2005.

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