

**CHALLENGES IN MANAGING HIGHER
EDUCATION INSTITUTIONS IN THE
CONTEXT OF THE NEW ENVIRONMENT**

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A. INTRODUCTION

The history of higher education in Malaysia is not very long compared to that of the West. The first and only university for Malaysia and Singapore was set up after the War (1949). In over 80 years of colonial rule, this was the only University in existence that provided higher education to the two countries. Immediately after Independence, the University of Malaya (Kuala Lumpur) was set up (1962), to be followed in rapid succession by the establishment of eight other Universities in Malaysia. Of the nine Universities in Malaysia, four are very young indeed, i.e.: Universiti Utara Malaysia (UUM) (1984), International Islamic University (IIU) (1983), University Malaysia Sarawak (UNIMAS) (1993), Universiti Malaysia Sabah (UMS) (1994) - being set up only slightly over a decade ago.

Since Independence, the Government of Malaysia, has realized that one of the most important sectors to be given serious attention in order to uplift the socio-economic standing of the people was the education sector. In each successive Five-Year Development Plans, budgetary allocation for education was increased. In 1995, for example, the government allocation for education was about RM12 billion, out of which the expenditure for higher education was nearly RM2 billion. Consistently, the percentage of expenditure on higher education for the last five years was slightly over 17%.

The drive to make Malaysia to be a fully developed and industrialized nation by the Year 2020 has given further impetus to review and reform the educational sector.

It is Vision 2020 that compels Malaysia to cast a pondering eye on the entire scene of higher education at home and abroad. Vision 2020 defines the present and future manpower needs of the country. As mentioned earlier, these needs are sought to be fulfilled through successive Five-Year Development Plans to which tertiary education is expected to make a major contribution.

In order to achieve the objectives of Vision 2020 and especially to meet its manpower needs in accordance with those objectives, Malaysia must plan its tertiary education well. At present, Malaysia still depends a great deal on foreign universities, especially in the United Kingdom, United States, Australia and New Zealand to provide higher education for its students.

The passing of a few new legislations on education in the last few months is part of the major comprehensive reform of the country's institutions of higher learning.

B. PRESENT ISSUES AND CONSTRAINTS IN HIGHER EDUCATION MANAGEMENT THAT REQUIRE CHANGES

Before exploring the changes which should take place in order to respond to the changing environment, it is perhaps appropriate to mention some problems faced by most Public Higher Education Institutions (PHEIs) or public Universities.

The problems facing PHEIs in the country are long-standing ones which will require innovative approaches to solve them. The problems can perhaps be categorized into two i.e. external and internal problems.

While the external problems are beyond the control of PHEIs, the internal problems of the institutions, though complicated and inter-related, can be addressed with novel or innovative approaches.

External Problems

Briefly, the external problems faced by PHEIs include:

(a) Social-Political Expectations

These include expectations of the society, industry, government institutions, and political masters. PHEIs are expected to train and produce educated workers for the industry as well as future leaders and responsible citizens at a low cost.

(b) Perception of Certain Sectors of Society

(i) PHEIs As A Place to Upgrade Economic Status

Most Malays and members of other ethnic groups at the lower income level of society expect PHEIs to provide places for their children to gain knowledge and education in order to upgrade their socio-economic status. At the same time, they also expect their children to be sponsored or be given scholarships once they get admitted to the PHEIs.

(ii) PHEIs An Ivory Tower

Public Universities are also associated with theoretical and academic knowledge unrelated to the practical problems of the real world. The faculty members and the graduates are perceived as groups of people without practical experience/orientation.

(c) Academic Programs Tied To Government Funding

The operation of the PHEIs depend almost entirely on government grants. Academic programs must get the approval of the appropriate government agencies.

Internal Problems

Some of the internal problems come about as a result of rigid procedures, lack of flexibility and low degree of freedom caused by external problems. These problems manifest themselves in the working culture, the lack of innovation and low morale among staff. Undoubtedly attitude plays a significant part in this.

Perhaps these problems can be divided into 3 areas, i.e. academic, human resources and financial management areas.

(a) Academic Areas

- (i) Presently, academic activities of the PHEIs are perceived as contribution to the society. Some people, however, perceive such activities as obligations to society since the grants from the Government originally come from the tax payers.

- (ii) The quality of the academic programs conducted by different PHEIs are different. Although the Ministry of Education approves the academic programs offered by the respective PHEIs, the Ministry does not monitor their academic standards. Because of this there may be differing quality of graduates from the different PHEIs.

- (iii) Generally the academic programs offered by the PHEIs are not based on market or industry needs but rather on available resources, including academic staff on the establishment.

(b) Human Resources

- (i) There is no proper strategic staff planning, for both academic and non academic according to the needs of staff and also there is no effective succession planning procedures.

- (ii) The behavior of the staff are very much influenced by the systems, rules and procedures in the civil service. Most are not result-oriented. They are more concerned with complying with the rules of the government bureaucracy at the expense of effectiveness. Some are reluctant to put in extra work and effort as there is a lack of incentive system.

(c) Financial Management Area

PHEIs are supposed to manage their own funds. However, as government statutory bodies, they are assured of getting the needed annual grant from the Government. They do not have to make any effort to solicit or acquire funds from other sources.

There seems to be no necessity to raise funds through business ventures, financial investment, alumni fund-raising efforts or seeking for specific grants through industry.

C. NEW POLICY DIRECTION IN HIGHER EDUCATION
IN THE NEXT TEN YEARS

Given the educational scenario above, there is now greater awareness in the country on the need for a better quality education. The stage is also now set for the private sector to play a significant role in the provision of higher education. Thus far private educational institutions have been allowed to provide educational services at the tertiary level through the "twinning program" only. Today more than 280 institutes/centers/colleges are involved in the provision of some form of tertiary education and of this number 23 of them are engaged in "twinning programs" mainly with Universities in the U.K., U.S., Canada, Australia and New Zealand.

With the passing of the Private Education Act, private universities will be allowed to operate for the first time in this country to complement the role of the public universities. In summary, the development of higher education in the next 10 years will be affected by the following considerations:

- (a) To increase the capacity of institutions of higher learning (IHL) to take in more students.
- (b) To give emphasis to the development of academic programs in science, technology and management and to restructure existing programs so that they are relevant to current needs of the country.
- (c) To achieve excellence in R & D and to ensure that R & D contributes to national development more effectively.
- (d) To introduce reforms in the management of IHL so that it is more effective and accountable.
- (e) By the year 2020, at least 30% of the age group 19-24 of the population should be enrolled in IHL.
- (f) Each IHL should increase its enrollment to 20,000 capacity.
- (g) 60% of enrollment should be in **science, technology and professional degree programs** and 40% in the Arts and Humanities.
- (h) 60% of enrollment in higher education to be provided by public sector IHL and 40% by private sector IHL by the year 2020.

This will be the new environment in which higher education institutions in this country will have to operate within. It calls for bold measures by the PHEI's to carry out the needed structural and academic transformations. Bold initiatives are required by PHEIs because of the constraints earlier mentioned above faced by them. For the private higher education institutions, they are in an

advantageous position to respond to these challenges as they are not tied to the civil service rules and regulations nor the public sector's remuneration system. However, they must respond now to the various educational initiatives undertaken by the Government, so that both the public and private higher educational institutions can play their role together to provide quality education and the needed high-talent manpower required by both the public and private sectors.

Paradigm Shift in Higher Education

Given the new environment and the educational imperatives, universities need to evaluate their effectiveness and take steps to re-focus themselves in achieving their core business.

Universities should free themselves from the constraints mentioned earlier, particularly in the financial and human resources management areas.

Universities should try to become institutions recognized for their role in the functional educational area as they are recognized for being institutions which are concerned with the pursuits of knowledge. There is need for a proper balance of their role for the provision of high-talent manpower for economic and industrial development and for scholarship and research. The tradition of scholarship and research which contributes to the well-being of human civilization should continue but at the same time they should shed off the image of being "ivory tower" institutions and be equally sensitive to the role of providing trained and educated manpower for the development needs of the country.

The public universities are today performing this dual role fairly well but there is need for fine-tuning of the balancing act.

On the other hand, the present private colleges and institutions which are now engaging in tertiary education through the "twinning programs" are, to a large extent, solely profit-motivated. In other words, they are engaged mainly in their role to provide student with knowledge and skills for a vocation. Little research, if none at all, is done in these centers. Should they aspire to be private institutions of higher learning they must necessarily be involved in research and publications and help in the overall efforts towards widening the horizon of knowledge. Scholarly research and the pursuits of truth shall become part of their operating policy.

In the U.S.A., a distinction is made between centers that produce basic degrees and vocational certificates and those that produce undergraduate as well as post-graduate degrees with a heavy emphasis on research. The former are called State Colleges while the latter are normally large private universities. This does not mean that state universities do not at all engage in research and publication. The large private universities are the ones with full-time faculty and researchers and their ratio of faculty to student is approximately one for every twelve whereas in the state college/universities the ratio is approximately one to seventeen.

This brief data is presented here to show that in order to be called a university of some standing the institution must be engaged not only in the provision of manpower for the industry but also in the pursuits of knowledge through research and other academic activities.

Malaysian private universities of the future will do well to remember this so that students and taxpayers are not short-changed. The new environment dictates

that they should focus their educational programs on the provision of science, technology and professional degrees. Unless they do so, they may not be issued an operational license. Today, most private institutions are engaged in educational programs in the arts and social sciences with some semi-professional studies carried out on a "twinning" basis. This is because they want to avoid large capital outlays.

**D. MANAGEMENT OF PHEIs IN THE
NEW CORPORATIZED ENVIRONMENT**

It will take some time to change the perception of the general public , as mentioned earlier, on education in general and higher education in particular. Quality education comes with a cost and the Government and the public must share this burden. The external problems of the PHEIs, will, in time be addressed as the Ministry of Education has lately made so many changes in the educational scene at the primary, secondary and tertiary levels.

With the passing of the amendment to the University and University Colleges Act, 1971, PHEIs will be able to be corporatized. When a university is corporatized the internal problems of the PHEIs hopefully will be adequately addressed. The management of PHEIs in the new corporatized environment will face new challenges. Many changes will have to be implemented.

There has been some misconceptions on the terms "corporatization" and "privatization". The terms as understood generally within the Government administration are as follows:-

- a) Corporatization is a mechanism whereby a Government entity can operate in a business-like manner, away from Civil Service rules and regulations and the Ministry of Finance budget considerations and financial procedures;
- b) Privatization is a process whereby Government entities/ shareholding/services are sold/divested to private companies/ individuals with no more Government interests

It is to be noted that today all the universities are legally enacted as "statutory bodies". But the provisions of the university Constitution are not liberal enough to allow it to operate in a business-like manner.

The amendment to the University and University Colleges Act, 1971 now provides for flexibility that is needed for the university to operate and respond to challenges quickly as an accountable organization.

It is hoped that with corporatization, the following objectives shall be realized:

- (a) to better perform in providing higher education, consistent with the aspirations of the people and government through proper growth and qualitative expansion;
- (b) to improve effectiveness and efficiency in the management of the university through the optimum utilization of its physical, human and intellectual resources;
- (c) to partially relieve the government of its financial and administrative burden in higher education;

- (d) to be able to better contribute to the national development policy targets, particularly in the areas of manpower availability, knowledge and competency development and technology utilization;
- (e) to be able to better serve community needs as a knowledge, learning and cultural center.

Leadership Change Management

The new environment under the corporatized mode will require change in the leadership group which will have to assume assertive management role in leading the organization towards excellence.

The key personalities that constitute leadership group are the Vice-Chancellor, Deputy Vice-Chancellors, Registrar, Bursar, Chief Librarian and the Deans.

Leadership is an important variable in bringing success to the organization. Therefore, the choice of the leadership group must be done properly especially when they are expected to play an expanded role in the new environment. For example, ideally the Vice-Chancellor has to be a person having not only academic standing but also more importantly having a tested management experience in high level administrative positions, bringing with him a decisive leadership, strong moral and communication skills.

The Registrar in the new "corporate" environment will play the role of a senior General Manager of the organization as well as playing the traditional role of the Registrar in charge of academic matters.

Likewise, the role of the **Bursar** will be vastly expanded. In addition to book-keeping responsibilities, he/she will be expected to be a person with entrepreneurial mind. He/she must have business acumen and be able to take advantage of investment opportunities. The new environment allows him/her to maximize the physical and intellectual resources of the university. There will be opportunities for investment and business linkages with the private sector. He/she should also be comfortable in portfolio management so that the university's financial reserves are wisely invested. Thus, the Bursar will be more a **Financial Comptroller/Investment Analyst**. This is indeed a paradigm shift.

It is to be noted that other key personalities in the organization will also have expanded responsibilities from what is currently the norm. Their competencies will have to be upgraded or some new blood will have to be injected into the leadership group.

Structure Changes

In the new environment there has to be structural changes and new systems and operational mechanisms that will allow faster decision-making. New units/divisions may be introduced to reflect new functions required to be carried out to make the organization function properly. A suggested model structure is given in Appendix A.

In the new environment, it is expected that members of the **Board** (which replaces the Council) will be much smaller in number. Today, there are seventeen members in the University of Malaya Council but that will be reduced to nine in the new structure. The Board will only provide policy direction to the management.

There shall be no interference from the Board in management. The Vice-Chancellor, as the Chief Executive Officer (CEO) will be the person fully responsible for the day-to-day management of the university and he is answerable to the Board.

The Senate membership will also be reduced to forty (40) members so that decision-making will be faster. The present large number of Senate members (240 as in the case of the University of Malaya) is definitely not conducive to speedy decision-making.

Reforms in Human Resource Management (HRM)

In addition to the changes in the leadership group, universities will also have to seriously look into the way human resources are being managed, both the academic as well as the supporting manpower. Generally, none of the existing universities can take pride in the way human resources are being managed. This is because every employee of the public university today is a civil servant whether he is an academic or a supporting staff member. The rules and regulations, the remuneration package, the working culture and others pertaining to personnel are those of the civil service.

On corporatization, there will be a new remuneration package pegged hopefully to the market rate and there shall be a proper human resource management position at the high level at the Registrar's Office to look into all aspects of HRM i.e. recruitment, remuneration package, wage and salary administration, industrial relations, manpower planning, staff training and development, career planning and succession, reward and punishment, staff benefits and separation package.

Today, there is no proper job evaluation done and job points are not assigned to appropriate grades. This makes it difficult to reward good performers. A "Corporatized" university will now have to thoroughly go into these areas so as to make both academic and non-academic staff want to remain in the organization. Unless these mechanisms are in place, it will be difficult to retain and motivate good staff.

The challenge will also be to create a flexible career and career growth for all staff. Remuneration and benefits may have to be negotiated with the staff union in the future. The human resource division must ensure optimum utilization of human resources and expertise in the campus. For this to happen, there must be an experienced group of human resource executives to assist the Management.

Private universities in Malaysia, hopefully, would do the same. It will be a sad day if private universities entice experienced and talented staff of the public universities to work with them just because they are not prepared to invest in the development of their staff.

Financial Issues

Another challenging area would be in the financial management of the university. Being a public university, it is expected that Government will continue to give generous grants to universities both for operation and capital expenditures. Today, almost 90% of the annual budget comes from Government grants. In the new environment, with the flexibility given to the Management of the university to maximize physical and intellectual resources, universities are expected to also generate their own incomes. This can be done

through the commercialization of research findings, the optimization of physical resources through business ventures and the formation of subsidiary companies to run services such as the University Printing Press, to operate of residential facilities and the maintenance of grounds and buildings. Like a business entity, the university can farm out some of these services or run them through subsidiary companies to reduce cost and at the same time generate incomes for the university.

Such activities will need a different kind of financial personnel. The Bursar and other finance and accounts staff will have to be more attuned to business ethics and considerations. They cannot remain in their old civil service mentality. New competencies must be acquired and better financial and accounting personnel must be hired.

Beside raising funds through business ventures and other investments, the financial group will also have to be engaged in fund-raising professionally in order to get more donations and funds from the public and private sectors. As the funds from the Government get less and less over the years, the activities of the universities in this regard will have to be increased more and more so that facilities and quality education are not sacrificed.

Intensive Review of Academic Programs

The Management of the University will have to squarely face the challenge of reviewing thoroughly the present academic programs in order to respond to the Government's call for more trained manpower in Science, Technology and the professional fields. There is a need to restructure and rationalize existing programs to make them market-oriented. Programs should be market-driven

rather than resource-driven. There should be stress on more multi-discipline courses offered. Currently, there are courses offered simply because there are lecturers available to teach them.

Immediately, current undergraduate courses can be restructured such that students can get double majors in such degrees as Geography and Business, Economics and Computer Science, Syariah and Information Technology and many other combinations so that graduates become more multi-disciplined and more marketable.

Vested interest among the academics must give way to enlightened changes for the benefit of the students and society.

Student Expectations

There will certainly be a greater expectation on the part of the students when all these changes take place. In fact, it is a truism to say that all these changes are undertaken ultimately to benefit the student body. The student body is one of the most important components of the university as an organization. In fact, the students are also the clients of the university. Therefore, it is to be expected that they will demand for more innovative programs and better educational facilities. The university must be prepared to meet these demands.

New teaching techniques e. g. multi-media presentation and other IT-aided facilities must be provided for them. Student-teacher interaction should be enhanced through greater facilities e. g. e-mail, on-line library etc.

All these will require an upgrading of the academic staff's competencies as well making all students computer literate. Computer laboratories for students should be made available campus-wide.

With greater accessibility through IT facilities, the university should immediately introduce distance learning program. so that more places are made available to potential students who are now unable - although they are eligible and interested to study certain disciplines of their interest - to get into the university due to the limited number of places. Again, this is a new venture for the university but it has to be done to respond to the educational imperatives mentioned earlier.

These are some of the immediate reactions on the part of the students to the new environment.

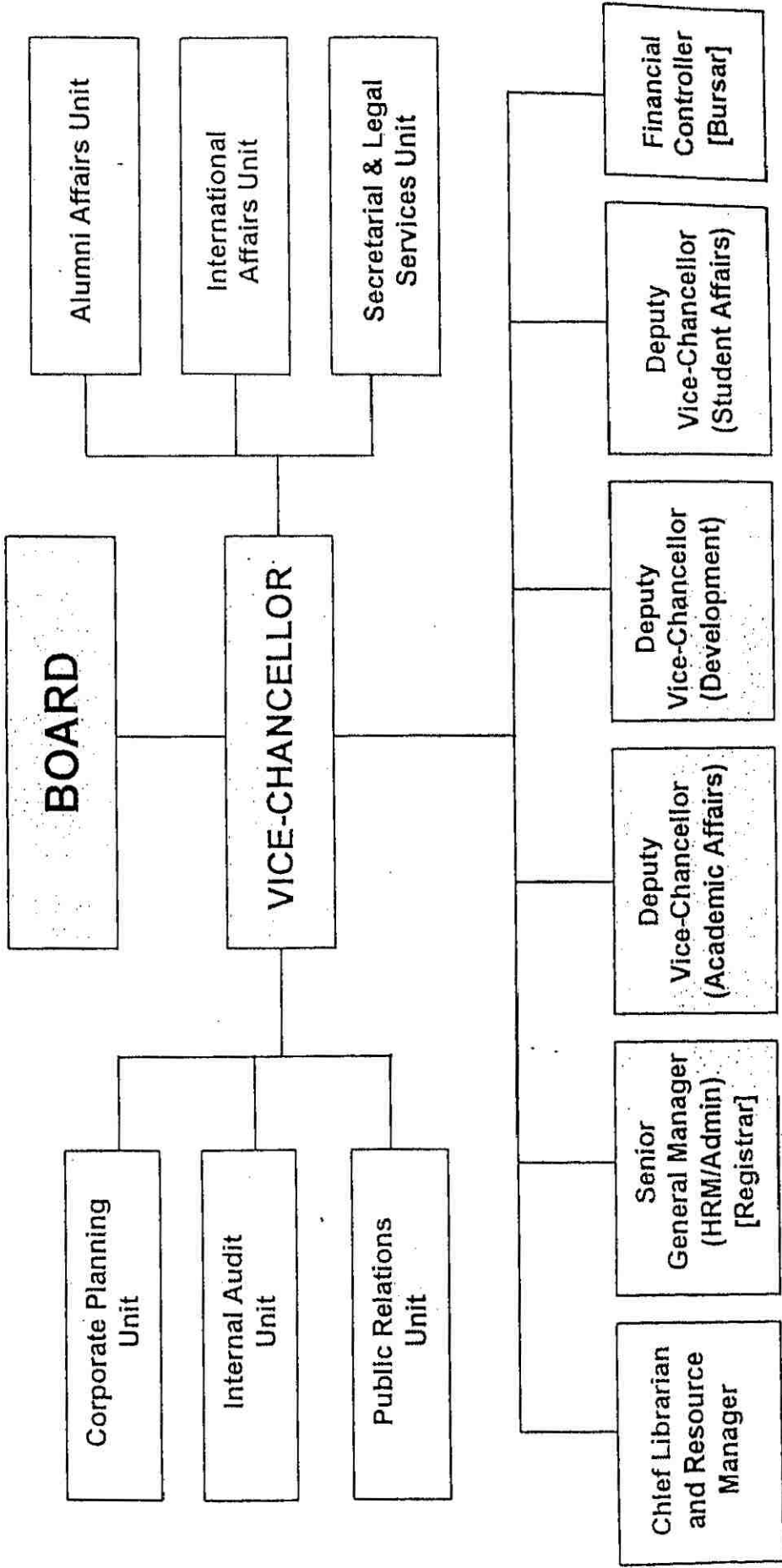
E. CONCLUSION

With the major transformations now taking place in the educational sector, it is expected that a larger section of the 19-24 age group will get the opportunity for higher education. With the stepping up of intake by both the public and private institutions of higher learning and with the introduction and reformulation of new academic programs, more opportunities will be available to eligible students. The intensification of distance learning by many universities in a variety of programs, will certainly ensure the attainment of the objective of democratization of education.

In addition, it is possible that these programs can also be made available to foreign students, especially at the post-graduate level. The Government's aim of making Malaysia as a center of excellence in education is yet another added dimension to the challenges that face the leaders that run the universities. In fact, many universities now are taking steps to attract foreign students so that within the next decade, 20% of their student population comes from abroad.

The challenges to the management of both the public and private universities in the next few years are heavy indeed.

MODEL STRUCTURE OF A UNIVERSITY



F A C U L T I E S

The Changing Role Of Government In Higher Education

Traditional Role of Government

• Provider and administrator of higher education

- Accountable for provision of general higher education

Modified Role of Government

• Initiator of the transformation of higher education in addition to the current role of provider of higher education

- Lead and manage transformation
- Create awareness for change
- Design and develop accountability structures and processes for setting and motivating quality standards
- Encourage institutions of higher education to restructure based on new values

Goal

• Ensure availability of modern education facilities at affordable cost
 • Ensure availability of educated manpower for development programmes
 • Ensure continuation of the pursuits of knowledge

- Achieve output target and excellence
- Set quality standards
- Regulate development
- Motivate research and development
- Determine policy in line with national goals and objectives