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Briefing Paper N° 8

Management Development in Malaysia

APPROPRIATE EDUCATION FOR MANAGEMENT  
IN MALAYSIA

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I N S E A D

## BRIEFING PAPERS ON MANAGEMENT DEVELOPMENT IN MALAYSIA

### N. 3 - Education for Management in Malaysia

In the process of developing a competent managerial cadre, the quality of the management recruit, has a critical bearing on the quality of the manager produced. The key variables influencing the potential of that recruit are : intelligence, cultural environment and education, with education being the chief means by which one measures the effect of the other two. Education is also of great importance in terms of the degree to which it acts as a modernizing influence adapting the individual attitudinally to the requirements of industrial development, and the technical and professional competence it imparts to prepare him for the growing levels of technological and managerial sophistication of industry.

In examining the role of education in management development one has to bear in mind the delayed but long-term effect of its impact in that the managers of today were at school twenty to thirty years ago, thus the quality and orientation of the educational system in the 1950's and 1960's continues to influence the quality of management.

There is always considerable difficulty forecasting the educational needs of the economy so far in advance and particularly so in former colonies where the transition to independence has resulted in new initiatives in the economy for which the colonial system of education did not prepare people. As a result skill shortages have plagued the early development efforts of most new nations. Once the new direction is established and the manpower needs identified it still remains a very slow process to regear the huge educational machine to produce individuals with the required skills, to train the teachers who can educate the students, and in some cases write or rewrite the textbooks, to meet the needs of the commercial and industrial sectors. By which time those needs have very likely changed again. Thus education tends to run behind the manpower needs of industry. However, if the task of educational planners was simply to forecast future skill requirements it would be relatively straight forward ; since education is so costly there are always major decisions to be made on the allocation of the country's limited resources, hence political factors invariably come into play influencing the quantity, orientation and quality of the education available.

This paper focuses on these three factors : the impact of past educational patterns on the present management situation, the influence of political policy on education, and the extent to which the present educational system is meeting the changing needs of industry.

### Past Education and Present Needs

The twenty years following independence saw the rapid growth of the Malaysian economy - 6 % per annum in the 1960's rising to 7.8 % per annum in the 1970's - which was accompanied by rapid industrialization with manufacturing growing from almost nil prior to independence to 21 % in 1980 (1). The speed of this development created a strong demand for managerial and technical skills which were in very short supply. This was particularly acute in the first fifteen years and has gradually been ameliorated since then. However, a scarcity of management staff in the nineteen-sixties has meant a shortage today of managers over the age of forty, that is, a shortage of managers with the education and experience that one normally associates with senior management. The result is that good senior managers are overburdened and the managerial cadre in Malaysia overall tends to be very young.

The educational system Malaysia inherited on independence was a motley of language streams and qualities, catering to the different racial-linguistic groups in the peninsular. There were rural schools in the Malay medium, Tamil schools on estates for the children of Indian tappers, Chinese schools established by the Chinese community to educate their youth; and English medium mission schools. However, the English schools, and to a much lesser extent the Chinese schools, were the only ones geared to the changing manpower needs of Malayan society. This was reflected in the size of grants they received (2) and the quality of education provided.

The English schools were originally established, "to supply certificated candidates for nearly the whole of the subordinate appointments under Government in the Colony and Native States and for clerical and other appointments in mercantile houses." (3) And they retained this basic orientation educating bureaucrats for the civil service and clerks for the trading houses right up to independence, and beyond.

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- (1) Fourth Malaysia Plan 1981-85. p. 9, para. 26 and p. 16, Table 2-1.
  - (2) In 1932, for instance grants ranged from Straits \$ 4.09 per pupil in Tamil schools and \$ 7.25 in Chinese schools, to \$ 74.87 per pupil in English schools. Federated Malay States, Annual Report for 1932. pp. 46-47, 51.
  - (3) "Annual Report on Education for 1884", quoted in J.S. Nagle, Educational Needs of the Straits Settlements and Federated Malay States. p. 105.

The English stream alone provided a complete system of education stretching from primary school through secondary school to university. The University of Malaya, first established in Singapore, in 1957 opened a campus in Kuala Lumpur, and in 1961 this became a university in its own right. The school syllabus, modelled on that in Britain, in which students were prepared for Cambridge secondary O and A level examinations, was possibly relevant to employment in a British run civil service or agency house; but was ill-suited to the needs of an independent nation with a growing economy. Yet the syllabus remained largely unchanged into the sixties. The alienness of the syllabus and an Asian tradition of memorization tended to encourage rote learning and discourage individual critical judgement, did little to prepare the students for the problem-solving required in modern business.

Malay schools were originally designed to train the Malay people for their occupations as farmers and fishermen. A separate, English language school was established for the Malay aristocracy who were educated for a prominent role in the Malayan Administrative Service. However, for the bulk of Malays basic primary education in Malay alone was provided, and this was designed to foster docility, obedience and acceptance of their lot.

Malays who succeeded in primary school despite its generally poor quality and wished to pursue their studies beyond primary level, were obliged to transfer to English schools, which were located in the towns and cities, and run by Christian missions. The difficulties of language, absence from their families and the contact with Christianity were all powerful discouragements to the aspiring student.

The colonial government was originally unwilling to provide education in their mother tongues to the Chinese and Indian communities. The response of the Chinese was to establish their own schools. These were private institutions with strong cultural and political links with China, (4) which the government sought to break by offering grants in aid to those schools which submitted to government inspection, but to little effect. Initially they offered only primary education, but after World War II, the demand for Chinese secondary education grew rapidly and the number of pupils in Chinese middle schools rose from 5,000 in 1947 to over 40,000 in 1957. However, these schools tended to foster a feeling of racial exclusiveness, became strongholds of Chinese

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(4) Indeed in the 1930's the Chinese Central Government sent representatives to inspect the schools and even instituted its own system of grants-in-aid. V. Purcell, The Chinese in Modern Malaya. p. 21.

politics and fertile ground for the growth of Communism. (5) Although a tiny proportion of students went on to university in China, Hong Kong, or later to Nanyang University in Singapore, degrees from these institutions were not recognized in Malaya. Because of their limited command of English, suspect loyalties and the lack of recognition of their qualifications, graduates of the Chinese educational system were forced to seek employment in often ill-remunerated Chinese family businesses. Indeed it was these traditional enterprises that the Chinese educational system was effectively intended to serve, and with which it was in harmony. However, it ill-equipped them for the challenge of new technology and the growth of the international, and frequently English-speaking, business environment which characterizes the post-independence economy of Malaysia.

The post-war period saw a rapid increase in the demand for education with enrolments rising from 469,990 in 1947 to 1,121,523 in 1957, an increase of 139 % (6). The demand for English education increased most with enrolment growing by 225 %, compared to Malay, Chinese and Tamil schools where it grew by 161 %, 105 % and 46 % respectively. (7) However, the quality of the vernacular schools remained far behind the English. Provision of places at secondary level was very limited : despite a big jump from 16,549 pupils enrolled at secondary level in 1947, to 105,879 in 1957, the schools could accomodate only 10 % of the primary enrolment (8).

The educational system under the British was thus geared to completely different ends to those of an independent government. Yet the size, cost and slowness of the changes required were such that this system prevailed well into the sixties and even today the last traces have still to be erased.

### Political Policy and Education

Since independence in 1957, the approach to education has changed dramatically, it has become an item of investment rather than consumption and a major tool for the government's policies of economic development, nation-building and the restructuring of society, but the problems of the quality of schooling and orientation have been slow to overcome. To meet the aspirations of a newly independent population and the changing needs of the economy, Malaysia embarked on a policy of very rapid expansion of educational facilities. Expenditure on education in Peninsular Malaysia has risen from M\$ 61 million in 1956-60 to M\$ 1,308 million in 1976-80.

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(5) Short, who has written the leading work on the Emergency in Malaya, states: "Nowhere among the Malayan Chinese was potential support for the MCP (Malayan Communist Party) greater than in Chinese schools". A. Short, The Communist Insurrection in Malaya; 1948-1960. p. 428.

(6) Ministry of Education, Educational Statistics of Malaysia, 1938 to 1967. pp. 32-47, Tables 4-19.

(7) Loc. cit.

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This process of expansion has inevitably been difficult. Commenting on the difficulty of effecting rapid change, Silcock wrote in 1961, " This situation is being met by allowing large disparities in standards between urban and rural areas, between English-medium and vernacular schools, to continue." (9) The rate of educational expansion led to a severe shortage of teachers, and standards were allowed to drop. (10)

The disparities in quality have been reflected in the levels of achievement of pupils. In Malay-medium schools between 1967-72, 11.2 % of candidates sitting the Higher School Certificate Examinations received a full certificate in Science, and 31.3 % in Arts, compared to 66.6 % in Science and 65.2 % in Arts in English-medium schools. (11)

During the colonial era the educational system, in keeping with its mission, had a marked bias towards the Arts. This carried over into the period of independence and was particularly strong as the previous figures indicate, in the Malay-medium schools. It thus not only hampered Malaysia's policy of rapid industrialization and localization of management staff in foreign companies but frustrated her initial attempts to correct the racial imbalance in management. To remedy this situation, special residential science schools were established, technical colleges opened and university places in the sciences rapidly expanded.

In a desire to weld the country together as a single nation a common Malaysian syllabus has been introduced into all schools and the four language streams have been phased out and replaced by instruction in Malay, the national language. Though Malay has been introduced gradually, it has inevitably made great demands on teachers who have in many cases needed to be retrained in Malay, on non-Malay pupils who have had to learn the Malay language, and on translators who have had to translate or rewrite textbooks. Although, these difficulties are purely temporary and related only to the period of transition their impact is being felt in the management recruits of the late seventies and early eighties. An aspect of this change that is not temporary is the phasing out of the English language as a medium of instruction and its retention solely for study as a second language. The result is a decline in the standard of English spoken which is a matter of serious concern to the foreign business community in Malaysia and one they have to take cognizance of in both their recruitment and training practices.

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(9) T.M. Silcock, "Economic Potential of Malaysia", in Readings in Malayan Economics. T.M. Silcock, ed., p. 100.

(10) In 1971 a survey found 16,355 primary teachers were underqualified. New Straits Times, 8 Feb. 1972.

(11) Chai Hon-Chan, Education and Nation-building in Plural Societies : The West Malaysian Experience. p. 46.

A remarkable characteristic of the Malaysian educational system is the speed with which it has sought to repond to the changing manpower needs of the economy. In the sixties and early seventies there was a marked shortage of technical, and professional staff. However, between 1969 and 1972 four new universities were opened - each emphasizing a different aspect of the nation's educational priorities :

- 1) In 1969 the Universiti Sains Malaysia was opened in Penang, giving support to the country's efforts to upgrade the teaching of science;
- 2) In 1970 the Universiti Kebangsaan Malaysia (National University) opened as the first university to provide teaching exclusively in Malay, expressing the national commitment to the use and development of the Malay language;
- 3) In 1971 Serdang Agricultural College was upgraded to become the Universiti Pertanian Malaysia (the Agricultural University) expressing the vital role of agriculture in the nation's economy; and
- 4) In 1972, the Technical College became the new Universiti Teknologi, recognizing the importance of, and need for, high level technical staff in the development of the economy.

As a result of the opening of these universities, student enrolment for degree courses at university increased dramatically from 7,677 in 1970 to 19,497 in 1980 (12).

The establishment of four new universities in such a short space of time would be a daunting task to a country with large manpower resources ; to a country with shortages in this field it posed major staffing problems and at times as many as half the posts were vacant, particularly in the fields of economics and business administration where the opportunities in the private sector were attractive. The government was obliged to invest heavily in staff development; providing numerous scholarships for academic staff to study for higher degrees to develop the faculties on these universities.

This rapid expansion of university education has meant that the faculty is very young. The best undergraduates are recruited on graduation into the faculty, sent abroad for a higher degree and immediately return to teach. While this is a normal and acceptable pattern in the Arts, in fields such as commerce and business administration it leads to an over-emphasis on theory, and frequently western theory unadapted to the local environment.

In universities the switch to the Malay language has posed further problems. Because of the lack of written material in Malay in most fields it has been necessary to write or translate textbooks, as well as develop the language, particularly to meet the technical and scientific needs of university education. Non-Malay faculty have tended to find their limited mastery of the language makes them stick to a formal lecture format, rather than the linguistically more demanding discussion method, thus encouraging a passive, absorptive role on the part of the learner, rather than the active problem-solving that is so essential in the business sphere.

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(12) Fourth Malaysia Plan, 1981-1985. p. 93, Table 4-10.

One should not overemphasize these aspects of university education in Malaysia since they are temporary and will be remedied in time. However, it is in recognizing such difficulties that they can soonest be corrected, for they do currently influence the education of the new recruit into management. They also go part of the way to explaining the preference of foreign companies for overseas graduates, and the general feeling of companies that the quality of local university education has been declining.

One area that has tended to be given inadequate attention in Malaysia is technical education. A World Bank study in 1963 mentioned : "The need to improve technical education and training, especially in industrial skills, and more advanced agricultural techniques". (13) At diploma level the three main institutions were the Technical College, Serdang Agricultural College, and Institiut Teknologi MARA (ITM). But in 1971 and 1972 respectively the Technical College and Serdang Agricultural College were upgraded to universities, and ITM caters exclusively to Malays. In 1969 the Politeknik Ungku Omar was opened in Ipoh with the aim of training engineering technicians and sub-professional personnel, and the Kolej Tunku Abdul Rahman in Kuala Lumpur offers certificate and diploma courses in business studies, arts and science at the sub-professional level. in 1976 to meet the growing need for technical training the politeknik kuantan was opened in kuantan.

together these institutions have brought enrolment in agricultural and technical courses leading to a diploma from 1,606 in 1970 to 6,212 in 1980. admittedly this is a high proportional increase; but the absolute figures are still very small especially considering the growth in the malaysian economy. the overall enrolment in diploma courses has risen more sharply from 3,318 in 1970 to 14,776 in 2980, a growth led by the expansion in economics and business. (14) at the secondary level, vocational training has increased markedly from an enrolment on certificate courses of 8,160 in 1970 to 27,590 in 1980 (15)

the result of the past pattern of emphasis in education is shortages of people with technical and scientific qualifications at all levels and a surplus of degree holders in the arts and humanities. (see table 1)

finally, in discussing the impact of political policy on education in malaysia, one is forced to return to the theme of racial balance. the educational system was one of the main factors retarding the progress of malays in the past, and is now being used as one of the main tools in the restructuring of malaysian society by advancing malay interests. the switch to the use of malay language is one measure which gives malays a natural head start over non-malays. the emphasis on science education and establishment of special science residential schools is particularly aimed at malay students who have had a strong arts bias - a product of the colonial educational system and the civil service career to which most able malays aspired.

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(13) IBRD, Report on the Economic Aspects of Malaysia. p. 17.

(14) Fourth Malaysia Plan, 1981-1985. P. 94, table 4-10.

(15) ibid. p.96, table 4-11.

However, the impact of the government's restructuring policies is most noticeable at the university level. In 1960/61 only 21 % of the 359 students entering the first year of the University of Malaya were Malays ; in 1980, Malays formed 67 % of the 20,764 students registered for degrees in Malaysia. (16) Recalling that Malays form 53 % of the population of Peninsular Malaysia, the underrepresentation of Malays in the past and their overrepresentation at present are clear. This enormous increase has been achieved by relaxing entrance standards for Malays and by an extensive scholarship scheme that enables all Malay students with a place at university to pursue their studies. The combination of lower entrance standards, staff shortages, the recent introduction of Malay, and difficulties with textbooks, all have had a deleterious effect on the quality of the graduates produced.

### Education for the Changing Needs of Industry

Since independence the economy of Malaysia has undergone a major change in orientation with consequent implications for the management needs of industry. (17) The most significant change has been a move away from the former dependence on the export of tin and rubber towards manufacturing, and in particular, relatively technologically sophisticated, capital-intensive forms of industry. It is also anticipated that this basic shift in the orientation of the economy will continue such that by 1990 manufacturing will make up 26 % of GDP while agriculture will have declined to 20 % (18). The competition of synthetic rubber, in the one case and substitutes in the other; has spurred a steady improvement in the productivity of rubber and oil palm cultivation and increasingly professional management. And the drive to correct racial imbalances has brought the government into an active role in industry, and increased its need for trained industrial managers. Foreign investment which has played an important role in the economic development of Malaysia is expected to decline in terms of its proportion of the corporate ownership of the economy while steadily growing in absolute terms. Despite the constraints on foreign ownership imposed by the New Economic Policy, the increasing use of joint-ventures means that foreign interests continue to play an important role in the management of businesses. Indeed Malaysia continues to welcome foreign investment for the management expertise it brings.

The result of these developments has been a growing need for management recruits with :

- technical, mathematical and scientific knowledge and skills,
- business and commercial skills,
- attitudes supportive of commercial activity,
- facility in the English language.

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(16) Fourth Malaysia Plan, 1981-1985. p. 352, Table 21-3.

(17) For a fuller discussion, see paper n. 1 in this series, "The Context of Management in Malaysia".

(18) Third Malaysia Plan, 1976-1980. p. 58, Table 4-4.

The expansion of the educational system and special attention given to the teaching of science will go a long way to overcoming the shortage of people with a technical or commercial background. However, it is not enough to be familiar with the concepts alone, it is the intellectual skill to use these concepts that is most important and that the decline in standards threatens. Having succeeded in the rapid expansion at all levels of the educational system the government now needs to concentrate on raising the quality of education putting special emphasis on the development of intellectual skills to meet the needs of a rapidly changing industrial sector.

Such knowledge and skills need to be supported by attitudes conducive to business activity. In the rarefied atmosphere of all-Malay educational institutions not only can traditional attitudes be perpetuated, but such exposure to the industrial sector as there is can lead to an ultra-conservative reaction. Complete racial integration of educational facilities would appear to be a far more fruitful and constructive course of action once the transitional period of correcting past imbalances in tertiary education has been passed.

English remains the lingua franca of the foreign business community and although the government insists that it is being taught as an important second language its elimination as a main language of instruction has inevitably resulted in a decline in standards. The greatest care needs to be taken to maintain and improve the quality of English taught if Malaysia is not to handicap its students vis à vis the foreign business community and the world at large.

These then are the factors that both companies operating in Malaysia and the government of Malaysia need to consider in their planning : the need for trained scientists and technicians with the intellectual ability to adapt and develop new technology, and business graduates with the flexibility to meet the changing industrial challenges of one of the fastest growing economies of South East Asia.

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