

Funding Reforms in Malaysian Public Universities: Transitions towards Competitive Funding

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Abstract: It has been proved that funding system is one of major influential factor on institutional strategies and important core activities in teaching and research. With increasing global competition and commercialisation of education, Higher Education Institutions (HEIs) are expected to expand their services while reducing dependency on the government for funding. Here, the diversification of funding due to government lack of budget is one of the major movement on today's market orientation. Thus, it has become increasingly necessary for Malaysian public universities to diversify their revenue sources as well as improve their performance to gain competitive funding from the government. This concept paper discuss about the funding reforms in Malaysian public universities towards competitive funding implementation.

Key words: *Higher education institutions, Malaysian public universities, funding, autonomy*

Funding Higher Education:

Barr (1993), has set out simple funding framework for the purpose of analysing according from different sources for instance students, private sector, taxpayer and others. The mechanism for funding can be divided in funding for institutions and funding for students. Funding for institutions is the major sources of funding for higher education. It can come with transfers current earnings, and loans. Meanwhile, funding for students are in form transfer in cash or subsidies, current earnings and loans. In addition to Barr framework, Jongbloed (2004) illustrated the funding flows for HEIs into three main sources: (1) government; (2) students; and (3) other private institutions. The government funding sources may come in different methods either grants or loan that is normally used for the operational purposed. Meanwhile, sources of funds from households and students may come from tuition fees. Today, the tuition fees become important sources of funds for the institutions. Some countries have different approaches in deciding the amount of fees. This is because government does not allow the HEIs to set the fees without the permission. Scholarship and other private entities may come from the services provided by the higher education. All the sources of funds than go the institutions for the purposes of expense for operation and development. However, due to tight budget and financial crisis, the HEIs over the world need to be proactive in generating their own income.

In addressing the pressure, institutions and government need to focus on methods to improve the resources on financing HEIs activities to meet the society needs as well as from the government to be more efficient in balancing the funding and spending (Moja, 2007). The limitation of diversification sources of funding affect the rapid expansion of student enrolments and development of higher education in many developing countries. Therefore, to build a capacity for diversification of funding, government must allow the institutions of higher education to seek alternative sources of funding in order to increase the sources of revenue and to be more independant. The lesson of current experience shows that the diversification of funding has become the world trend as indicated by Kretovics and Michaels (2007) where there are three conditions of the diversification as follows:

- i. HEIs have to be more creative and innovative in explore for alternative funding as government around the world continue to shrink the total amount of funding;
- ii. To encourage diversification funding, government might consider deregulation of policy and regulation that are conducive to the HEIs in order to search for alternative funding sources; and
- iii. In effort to encourage for alternative funding, the government may consider to provide initiative for HEIs to discover new ways to raise more sources of funding alternative.

Previous research has pointed that funding reforms can have an intended and unintended effect on HEIs with different core functions (Tammi, 2009). This effect has been further explained by Strehl *et al.* (2007) as shown in Table 1.

Table 1: Effects of Funding System

Positive effects of funding	Negative effects of funding
<ul style="list-style-type: none"> • Greater autonomy, performance, and competition 	<ul style="list-style-type: none"> • Reduce mix of research and teaching
<ul style="list-style-type: none"> • Increase the level of effectiveness, efficiency, and transparent of HEIs 	<ul style="list-style-type: none"> • Elimination of studies presently not in demand
<ul style="list-style-type: none"> • Increase the need to more internationalisation 	<ul style="list-style-type: none"> • Reduce incentives to do basic research
<ul style="list-style-type: none"> • Improved the quality services 	<ul style="list-style-type: none"> • Negative steering effect through indicators in formulas
<ul style="list-style-type: none"> • Innovative in develop curricula 	<ul style="list-style-type: none"> • Less significant quality of teaching and research
<ul style="list-style-type: none"> • Enhanced better cooperation with other institutions 	
<ul style="list-style-type: none"> • The attention to be more on customer orientation 	
<ul style="list-style-type: none"> • Flexibility in budget 	
<ul style="list-style-type: none"> • Provide incentive for development and change. 	

Source : Adapted from Strehl, Reisinger and Kalatschan (2007)

One effect of the current funding reforms has been the increased focus on research across the world. Despite of the funding cuts, governments across the world have made provisions to continue and expand their support of research activities in their HEIs. For example, in UK even with the implementation of competitive funding mechanisms there has been an increase in the budget for research expenditure (Himanen *et al.*, 2009). In the current landscape, institutions of higher learning are given the priority to lead research activities in the UK to produce new knowledge, technology and highly skilled people for economic and social development. Typically, research projects in the HEIs are funded by the government as primary sources and followed by support from private sector. The government funds for research and development for higher education are based on dual support with resources coming from different government bodies called the Research Councils and the Funding Councils (Bakker, 2007). The Funding Councils (Higher Education Funding Council for England (HEFCE), Scottish Funding Council (SFC), and Higher Education Funding Council for Wales (HEFCW) provided core funding as block grants to cover the general costs of basic research infrastructure (laboratories, equipment and salaries) meanwhile Research Council provided funds to meet the costs of specific research projects and indirect costs of the research. The funding is allocated to individual researchers and research groups on a competitive basis after reviewing their grant proposals (Leišyt 2007).

Taylor (2001) found that performance indicators influenced the teaching and research activities of academics in Australian universities. The results indicated that the motivation of the academics had shifted from teaching to research when the reward structure within universities favoured research activities. Moed *et al.* (2011) find that measuring the number of publications has now become one of the key indicators of a good outcome which in turn promotes in the ranking of RUs focussed on better research performance. But the pressures brought about by the increased attention on producing research and securing funding has lessened the focus of academics on teaching. Given this predicament of the lessening focus on teaching, Brew (2002) proposed an integrated approach combining the research strength and staff interest with the taught curriculum to ensure that research is carried out in alignment with teaching activities.

The term funding reform, diversified funding, cost sharing mechanism, and entrepreneurship always have been used in literature to raise the necessary funds for HEIs. In practice, the possibilities include income from investments; campus services, student tuition and fees; alumni fundraising; and royalty income from commercialisation and patents (Clark, 2001). The challenge in moving to the strategies should support the national objectives in teaching and research to be more competitive in the higher education sector. Although in practice the public universities in Malaysia depended on the bulk of financial resources from Federal Government, nevertheless there were also efforts made by the universities themselves to generate their own sources of income. On the other hand, universities also need to increase and diversify alternative source of funding using a variety of strategies including corporations, private sector, and alumni to improve the quality of teaching and research (EPU, 2010a). This initiative is an effort to overcome the lack of financial resources from the government (Clark, 1998).

Regulation And Autonomy In Malaysia Higher Education System:

Higher education systems in Malaysia is regulated and administered within a legal and operational framework stipulated by government policies and acts. Many legislative acts have been passed to build the framework for education, namely: (1) Education Act 1996; (2) Universities and University Colleges 1971; (3) The Private Higher Educational Institutions Act 1996; (4) National Council on Higher education Act 1996; and (5) National Higher Education Board Act 1997. These laws provide a comprehensive and practical guide for higher education providers in Malaysia and are also being continually revised to increase the relevance and efficiency of HEIs in a changing environment to keep up with global standards.

The Universities and University Colleges Act (UUCA) was enacted in 1971 as a mechanism to regulate the establishment of private universities and university colleges and is an important instrument through which the state maintains its control over HEIs in Malaysia (Ahmad, 1998; Lee, 2003; Sirat, 2009a). The UUCA gives the

government full authority to make decisions in HEIs on student enrolments, staff appointments, educational program, and financing and the HEIs are expected to adhere to this act and any decisions made by the government (Lee, 2003; Sirat, 2009a). Since the act's inception, it has been revised a number of times. Hambali, Faruqi and Manap (2008) note that the latest amendment to the act is geared towards promoting good governance of public universities. But Muda (2008) makes an interesting point arguing that the amendments are cosmetic in nature and in practice the amendments have not resolved the issues of wider autonomy that have been a subject of contentious debate in Malaysia for some time (Sirat, 2009a). However, in 2012 a study conducted by the Malaysian Government recommended one more amendment to the UUCA and this proposition will soon be tabled in Parliament (MoHE, 2012; The Star, 2012).

Indeed, autonomy in HEIs is a thorny issue that has been much debated and investigated in countries across the world. Universiti Sains Malaysia Vice Chancellor, Prof. Tan Sri Dato' Dzulkifli Abdul Razak (Abdul Razak & Mohamed, 2011) stated that:

... the struggle for autonomy remains one of the biggest challenges in laying the foundation which ended in last year. Notwithstanding, it is still a case of so near yet so far for the new constitution is yet to be gazetted for implementation ... the autonomy dimension seems very much overdue...

According to Md. Zain *et al.* (2008) the ideal strategy for ensuring more growth in Malaysian public universities is to give more autonomy in managerial and financial matters. To overcome the barriers of stagnating growth and low quality of education, they suggest a move to reform Malaysian universities by giving the HEIs more autonomy in the governance, financial management, academic program, faculty administration and student learning. This also includes a suggestion to lessen government control in HEIs by strengthening the collaboration between the industry and public universities.

Institutional autonomy according to Kivistö (2007) refers to freedom in a university to function collectively for making decisions on matters relating to teaching and research. A study from the Association of European Universities (Lisbon Declaration 2007) identifies four essential elements of autonomy that give universities the ability to decide matters relating to: (1) academic and scientific orientation; (2) financial administration; (3) organization and governance structure; and (4) human resources.

Table 2: Extent of University Autonomy in OECD Countries and Malaysia

Category	Countries							
	NL	AU	IE	GB	DK	SE	FI	MY
Own building and equipment	X	X	X	X				
Borrow funds	X				X			
Spend budgets to achieve objectives	X	X	X	X	X	X	X	X
Set academic structure and courses		X	X	X		X	X	
Employ and dismiss staff	X	X	X	X	X	X	X	X
Set salaries	X	X		X		X	X	
Decide size of students enrolment	X		X		X			

Note: (x) means that the university has the power to perform this function autonomously

Source: Adapted from World Bank/EPU March 2007

The Federal Government has a relatively tight control over public universities in Malaysia and there is a model of centralised governance of HEIs in the country which cause public universities in Malaysia to have less autonomy. Sato (2007) further adds that the government still maintains a strong influence in running of HEIs even when the corporatisation policy supposedly allows for greater autonomy to public universities. According to Sirat (2009a), higher education policy and regulation in Malaysia has features of both neo-liberal and state-centric models. A study by World Bank/EPU (2007) indicated that the Malaysia and Indonesia have less autonomy power compared to other OECD countries in various aspects as shown in the Table 2.

To some extent this affects the efforts of improving the effectiveness of higher education planning programs in Malaysia. It restricts public HEIs from many activities such as having their own building and equipment, borrowing funds, setting academic structure and courses, setting salaries and deciding the size of student enrolments. Public universities in Malaysia generally require autonomy to manage the financial aspects of their operations as shown in Figure 1.

To overcome the problem, the Minister of Higher Education in his 2010 speech indicated the government's efforts to give more autonomy to university in key areas of university governance including legal, operational (governance), academic, financial matters and in issues relating to human resources, enrolment, and income generation. The Ministry developed a framework of autonomy which proposes the important prerequisites for building an internal control mechanism based on the principles of autonomy, authority and responsibility to be granted to public universities. The measurement of readiness is conducted by assessing accountability and excellence. Some indicators are used to determine whether the autonomous status granted to a university has contributed to improvement in academic, financial and managerial issues and shown progress in R&D and innovation. As a consequence, all public HEIs were measured for their readiness for an autonomous status in 2011. It was declared that all public HEIs who give evidence of a positive report will be granted the status of an

autonomous institution by 2015 (Ahmad *et al.*, 2012a, 2012b; Utusan Malaysia, 2010). Datuk Seri Mohamed Khaled Nordin announced that Universiti Teknologi Malaysia as the first public university to be granted full autonomy by the MoHE (Utusan Malaysia, 2012) followed by other four universities, namely, Universiti Sains Malaysia, Universiti Malaya, Universiti Kebangsaan Malaysia and Universiti Putra Malaysia (Kulasagaran, 2012).

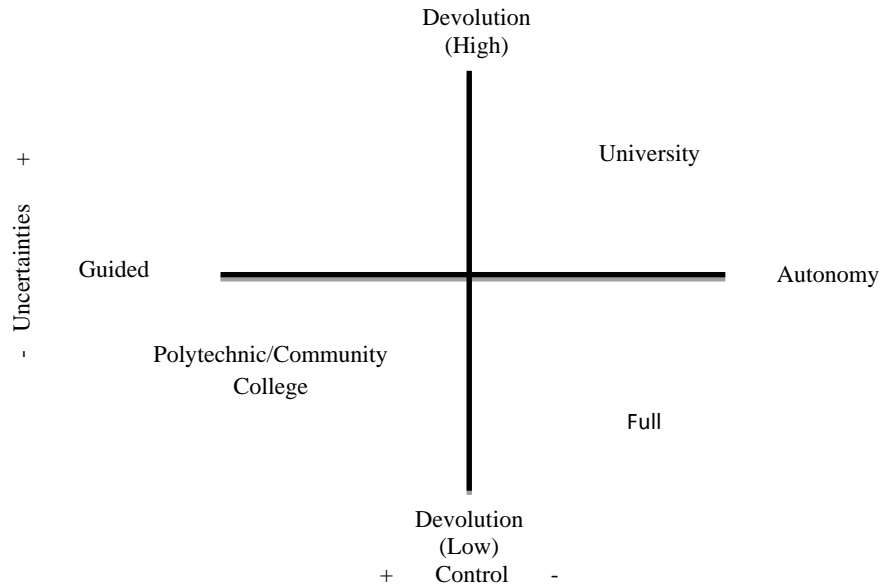


Fig. 1: Autonomy and Devolution in Malaysia’s Higher Education System: A Proposal
 Source: Adapted from Sirat (2009a)

But the government has adopted a cautious approach by ensuring that it allows HEIs a suitable degree of autonomy, while maintaining guidelines and mechanisms to control the education system. This is because social factors such as solidarity and equality should be taken into account before autonomy can be implemented (Berita Harian, 2010b). In many cases autonomy is not a zero-sum game where the government is completely released from its obligations and universities assume all the power. Instead, the goal is to maintain a fine balance between government control and HEI autonomy so that the government ensures the prioritisation of national agenda in HEI operations while the HEIs seek out more competitive advantages, creativity, and independence without relying too much on the government (Berita Harian, 2010a).

Recent evidence suggests that in order for Malaysia to implement administrative innovation effectively, high political commitment is required along with technical competence and parallel changes to other areas of governance (Noore Alam, 2010). The idea of university autonomy and devolution in Malaysia has evolved from a general move towards decentralisation of university governance to a strategic action of adapting to today’s competitive environment and increased demand. Increased autonomy and decentralisation not only gives public universities more independence to conduct their operations it also gives them more flexibility to quickly adapt to changing circumstances without having to go through lengthy bureaucratic procedures with the government. Sirat also adds that universities should be given more autonomy and power while polytechnics and community colleges can be maintained under tighter government control.

Funding Reforms In Malaysia Public Universities:

3.1 Funding from Federal Government:

The budget allocated for the higher education sector to the Ministry of Higher Education (MoHE) is discussed and determined every year in the parliament in light of the various activities and projects proposed for the HEIs in that year. According to Mazuki, Ravindran and Al Habshi (2006) the existing budget procedure has some elements of a competitive performance-based mechanism as the amount of money and its allocation is determined by the government on the basis of the government objectives. However, in practice funding and resource allocation mechanisms in Malaysia still depends on the traditional approach based on negotiation between public universities and the MoHE (World Bank/EPU, 2007). Nevertheless, implementation of traditional mode of funding may not be a suitable system to be implemented in the challenging environment.

The increasing numbers of public universities contributed to the implication on the pattern of funding allocation to be received by the universities. Although, in Ninth Malaysian Plan, the government has allocated more funds for the public universities, however the growing number of universities will then decrease the actual

allocation to be received (Institut Penyelidikan Pendidikan Tinggi Negara, 2006). Furthermore, for the new universities, the government has to allocate extra funding for operation and development compared to the established universities. On the other hand they are seen as impeding system change in funding Malaysian public universities as stated in the National Higher Education Strategic Plan 2020 and National Higher Education Action Plan 2007-2010. Given the increasing resource constraints faced by government, the success of any system that will be implemented depends on mandate by the government to pursue a long term vision for development.

In 1969 the Malaysian government has introduced Performance Budgeting System (PPBS) as a platform to modernise the implementation of budgeting system in public sector. According to Siddiquee (2010), this system drive to performance-based which emphasised on performance measurement and devolution of authority. Here, the department needs to clearly state their goals in line with the mission and vision. However, as it has been implemented, the system was not successful due to several problems such as the absence of adequate linkages between inputs and outputs, the implementation were not focused on performance indicators, and this system does not support the delegation of authority (Siddiquee, 2010; Xavier, 1996). In pursuing the national agenda, the government in 1990 has changed the budgeting system to Modified Budgeting System (MBS).

To promote efficiency and greater accountability in Malaysia public sectors, the Malaysian Federal Government has implemented MBS (Mazuki, *et al.*, 2006). MBS is a budgeting system that is designed to establish linkages on the relationship between inputs, outputs, and impacts. Here, the implementation of MBS according to Xavier (1996) is to improve resources allocation of public funds in public sectors through greater efficiency in management of government programs. It has been used to measure the performance of public sectors where indicators used to ensure the successful of implementation government policies and strategies (Mazuki, *et al.*, 2006). Based on their study, performance indicators have been used to measuring performance in Malaysian public universities and the programme managers believe that indicators identified are used to decide on the appropriation on budget allocation.

However, as it is implemented, Neilson and Mucciarone (2007) found that MBS is not an effective system for the Malaysia government to improve their objectives as stated in the MBS. The study to twelve Federal Malaysian Government ministries shows that there is limited impact of the types and extend of disclosure and the implementation of performance indicators. Here the researchers have argued in the implementation of MBS and its relationship between the resource allocations to determine Malaysian public universities and the performance. This is because the indicators establish associated with the system is not reliable in practice. The rationale of the statement is because the principles and objectives of MBS to improve the resource allocation with greater accountability to the government agency are difficult to implement. In conclusion, Morshidi (2008) stated that Malaysian public universities funding mechanism still relies on traditional method and the implementation of MBS however still relies on the results derived from inputs.

The major forces to be more accountable have underlined the finance and management reform agenda in Malaysian government. Even though accountability is difficult to achieve (Johnstone, Arora, & Experton, 1998), the present movement has contributed to the development of financial reform. In light of the reforms, the government will introduce Outcome Based Budgeting (OBB) in selected ministries in 2012 and be rolled out across the public sectors from 2013 (Sinchew, 2010). According to the Second Finance Minister, Datuk Seri Ahmad Husni Hanadzlah:

..the purpose of OBB is to ensure that we will achieve the concept of value for money for our budget expenditure management. This has been the principle the government will have to adopt..

Thus, the move towards OBB is timely and crucial to ensure optimal use of scarce resources to achieve national priorities and goals. The government is committed with its objectives to deliver better outcomes in ensuring the public receives better value for every money spent. This approach can help enhance the government capacity to assess efficient management of resources, assist in eliminating redundancy of programs and projects and ensure that the nation's resources are allocated proportionately to its priorities (Ahmad, *et al.*, 2012b; EPU, 2010a).

The MoHE is planning a major overhaul of tertiary education from 2006 through 2010 under Ninth Malaysian Plan. As stated, The "education revolution" is expected to focus on seven areas as one of key areas to propose a new governance system, including a financial mechanism, to make sure that public universities can perform competitively while remaining accountable to the government (Oorjitham, 2005). In line with the transformational, the Federal Government has allocated RM45.1 billion for the expenditure of education and training development. The Ninth Malaysian Plan also shows an increase budget for research and development. Here, the Ministry of Science, Technology, and Innovation (MoSTI) and MoHE are the agencies that have the authority to provide funding for Malaysian HEIs. For the Ninth Plan period, an allocation of RM5.3 billion will be provided to increase the culture of research and development in Malaysia. A more responsive planning has been announced by the Malaysian Prime Minister Dato' Seri Mohd. Najib Tun Razak during tabling the 10th Malaysian Plan on 10 June 2010. The latest five years planning is critical for the continuation of the national agenda to realise Vision 2020. In respect to the HEIs, the Malaysian Federal Government has made major

decisions affecting universities budget and expansion. These include the allocation of funding to the Malaysian public universities based on the achievement of their key performance indicator and the gradual autonomy to the universities to improve their performance. As highlighted in the plan period, performance-based funding for public tertiary institutions will be implemented, with the intention of providing a transparent funding mechanism to catalyse improved performance (EPU, 2010a, 2010b).

The MoHE will focus on strategic studies and research at universities across the country to ensure better impact of enriching the knowledge and the national economy. In order to translate the objectives, public universities will be given permission to spend the funds raised through the research activities undertaken by the private sector. Deputy Higher Education Minister Datuk Saifuddin Abdullah said it as an encouragement to all universities to undertake more research and development with the parties concerned (UTHM, 2009). In the meantime, the Federal Government has encouraged public universities to make collaboration between research universities and corporate entities in commercialisation universities research.

The effort to corporatisation has been implemented by the Federal Government since 1998 in order for Malaysian public universities to generate revenues from a company limited guarantee (Lee, 1999; Yahaya & Abdullah, 2004) and market-related activities (Lee, 2004). For these reasons, the corporatisation of Malaysian public universities entitles institutions to generate their own revenues through entrepreneurial activities as well as funding from the Federal Government. Here, after being corporatised, public universities have been run like business corporation in the effort to create profit for the university (Forest & Altbach, 2006). The income from consultancy, contract research, commercialisation, sale of expert services contributed to the additional income to the university (Lee, 2004; Morshidi, 2008). The purposed of this policy is to encourage universities to diversify their revenue and at the same time institutionalisation of corporate managerial practices (Lee, 2004; Siddiquee, 2006). Along with these strategies, public universities will use their internal strength in teaching and research as an alternative source of funding through entrepreneurship. As for the research universities, their expertise on research and commercialisation would be an important strategy to attract more public players to invest in their project. Meanwhile, for focused universities and comprehensive universities, they would have to use their own asset for income generation.

3.2. Funding From Student Fees:

The relative share of student fees in the total amount of funding for public universities in Malaysia is considerably low and student fees only contribute 10 per cent of the total funding. In recent years, a rise in the number of international students has also contributed to making student fees a source of income for HEIs. It is quite clear that education costs for students in Malaysia are much cheaper than other countries. Increasing tuition fees is beyond the authority of public universities. Any increase in tuition fees is controlled by government policy and has to be approved by the National Council on Higher Education (Lee, 1999, 2004).

In addition, education is subsidised by various other schemes run by the government. The National Higher Education Fund Corporation or PTPTN is a semi-autonomous agency responsible for administering student loans with direct support from government budget (Abu Bakar, Masud, & Md Jusoh, 2006; Ismail, Serguieva, & Gregoriou, 2008; Zainal, Kamaruddin, & Nathan, 2009). Loans from the PTPTN can be utilised by students for tuition fees, e equipment cost, and living expenses during the period of study (Foong, 2008). Today, financial help from the PTPTN has become one of the major sources of financing HEIs in Malaysia (Abu Bakar, *et al.*, 2006). Since its inception in 1997 to 2006, PTPTN has disbursed a total of RM11.8 billion to 900,000 students (MoHE, 2007).

Moreover, the government provides a subsidy of tuition fees at a yearly average of RM 85,000 for each student pursuing higher education in order to keep tuitions fees low in public institutions. In a press statement, the Higher Education Minister Datuk Seri Mohamed Khaled Nordin stated that this subsidy of up to 90 per cent of the original cost of education was meant to lighten the burden on parents and students (Ismail, 2010).

In a report outlining a university model for Malaysia, National Higher Education Research Institute has suggested that the university should be given authority to determine the rate of fees charged to the students. The National Council on Higher Education (2006) has also suggested that the MoHE should devise a reasonable range of fees to be charged based on the nature of the program while public universities should be allowed to determine the amount of fees to be charged within the limits of that range. This could help reduce government expenditure in higher education (Ismail, *et al.*, 2008) and also provide more opportunities for student to further their studies.

However, this recommendation is difficult to implement because as a public service, Malaysian HEIs cannot completely act in the interest of profits and cost-saving like a private company (National Higher Education Research Institute, 2006). The government must provide guidelines to increase more funding from different sources while maintaining its support of HEIs and the overall cost of higher education should be shared by government funding and tuition fees charged to students (Sanyal & Martin, 2009).

3.3 Alternative Source Of Funding:

The Federal Government has launched quite a few initiatives since 1998 to promote the corporatisation of Malaysian public universities so that they can operate like limited companies (Lee, 1999; Yahya & Abdullah, 2004) and pursue market-related activities (Lee, 2004). The purpose of this policy is to encourage universities to diversify their revenue and enable the institutionalisation of corporate managerial practices (Lee, 2004; Siddiquee, 2006).

Strategies like funding reforms, diversified funding, cost-sharing mechanisms, and entrepreneurship programmes have also been used to raise necessary funds for HEIs. Although, in practice public universities in Malaysia depend on the Federal Government for the bulk of its financial resources, some efforts are being made by the universities to generate income from alternative sources. These alternative sources of funding include income from investments, campus services, alumni fundraising and royalty income from commercialised research and patents (Clark, 2001).

The Federal Government is encouraging commercialisation of research as the main source of alternative funding. Deputy Higher Education Minister Datuk Saifuddin Abdullah said that all universities must undertake more Research and Development (R&D) in collaboration with the private sector (UTHM, 2009). The MoHE is encouraging collaborations between RUs and corporate entities in commercialising university research and focussing on strategic studies and research at universities across the country that can enrich the national economy. HEIs are given control over the funds they raise through research activities undertaken for the private sector. RUs have used their expertise in research and commercialisation as an important strategy to attract more public players to invest in their project. For example, USM managed to generate a revenue of RM1.5 million as a result of commercialisation of R&D the highest amount earned by any RU in Malaysia (Berita Harian, 2010c).

Nevertheless, this move towards corporatisation has not really yielded the desired results as there is still a lack of entrepreneurial spirit and productive research. According to Sato (2007), industries in Malaysia do not want to invest in R&D because the research done in HEIs is more oriented towards solving existing problems and not introducing new technology. This was further confirmed by recent data which shows that only 3.2 per cent of the R&D conducted at public universities could be commercialised in 2011 generating an income of RM7.6 million (Berita Harian, 2011). As a result, HEIs have not been able to realise the full potential of academic research and financial autonomy, leading to the continued dominance of government control (Beerkens, 2010).

Concluding Remarks:

Recognising the importance of education in the overall national agenda, the Federal Government has taken many initiatives to transform the education system in line with the National Education Philosophy. Therefore, the move towards the implementation of funding reforms encourages the Malaysian public universities to become more competitive and at the same time reducing their dependence on funding from Federal Government sources.

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