

THE ESTABLISHMENT OF STATE-FUNDED PRIVATE HIGHER EDUCATIONAL INSTITUTION IN MALAYSIA

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Abstract. Malaysia aims to be a developed nation. Due to that Malaysia needs a highly skilled workforce, especially in the field of TVET. The expenditure for higher education has increased from year to year. The contribution of federal and state agencies is an alternative to meet the challenges. This study examines the pattern of establishing and developing state-owned Private Higher Education Institutions in Malaysia. The sources analyzed included reports from ministries, international and local agencies, and articles from journals. Public agencies contribute to private higher education in three types of ways. This may be the form of privatization of federal agencies, the establishment of state foundations, and subsidiaries, or collaboration with corporate organizations. The ability of the institutions to expand and upgrade from training centers to private colleges, university colleges, and private universities gives the indicator of the federal and state agencies to contribute to the development of the national higher education system. However, there are still doubts that the establishment of institutions is politically motivated and does not respond to the needs of the industry sector.

Keywords: *higher education, private institution, state agency, federal agency, state foundation, educational cooperation*

Introduction

A recent study indicated that Malaysian public universities are inefficient in producing marketability graduates (Adna et al., 2022). The scores are calculated through a technique namely the Charnes, Cooper, and Rhodes model (CCR) and Slack-based measure model (SBM). It was found that out of 20 public universities, 11 are efficient, while the remaining nine have inefficient scores. Another study by Fadzil et al. (2022) suggested that all related authorities such as the Ministry of Finance (MOF), the Ministry of Science and Technology Innovation (MOSTE), and the Ministry of Trade International Industry (MITI) have to collaborate effectively to ensure a high standard of excellence in Malaysian higher education institutions. The Ministry of Higher Education (MOHE) should play a key role in leading Malaysia's higher education institutions to upsurge in the world arena. Issues regarding financial resources, innovation in teaching and learning, lack of TVET agenda, and less initiative in promoting an entrepreneurial mindset within the organization should not be taken lightly. Despite various issues, enrolment and demands for higher education in Malaysia continue to increase. The enrolment rate in HEIs before the COVID-19 pandemic hit shows a 16% hike over the last ten years (2010-2019) with 1.3 million students in the system (UNESCO, 2014). In addition, the employability rate for Malaysian graduates has been steadily increasing from 76.1 percent in 2015 to 86.2 percent in 2019. A study by the Khazanah Research Institute suggests the existence of a positive relationship between higher education and economic growth (Hamid, 2022). The bi-directional

causality demonstrates that higher education in the form of a skilled workforce contributes positively to the economy and that economic growth provides a positive effect of expanding the workforce with higher education.

There are two categories of Higher Education Providers (HEP) in Malaysia (Tham and Chong, 2023; Sirat et al., 2020). Apart from the public Higher Education Institutions (HEIs), there are also 388 private HEIs (PHEIs) which are divided into four groups; 63 universities, 32 university colleges, 283 colleges, and 10 international branch campuses (IBC) as shown in *Table 1*. The government policy is to expand the intake at all public institutions, resulting in a decrease in intake, enrolment, and graduation in private HEIs from 2016 to 2022. Four drivers, namely demographics and participation, globalization and internationalization, governance, and autonomy as well as awareness of the knowledge-based economy are very influential in the transformation process of the higher education system (Azman et al., 2010). The significant role of public institutions (IPTA) is to build society and develop capacity for the development of the country, compared to private institutions (IPTS). Both types of higher learning institutions are expected to further unleash the economic potential of the nation (Da Wan et al., 2015). Poor loan repayment records from students have hindered the Malaysian government from providing substantial support for financial incentives, subsidized loans, and scholarships to increase access and private higher education equity (Tham, 2011).

Table 1. *Statistic of private HEIs in Malaysia.*

No	Category of private HEIs	Number	Percentage
1.	University	63	9.07
2.	University College	32	6.55
3.	College	288	82.7
4.	International Branch Campus (IBC)	10	1.68

Source: Jabatan Pendidikan Tinggi Malaysia (2024).

A model of financing education in Malaysia is a hybrid model (Ahmad et al., 2019). Scandinavian countries use public resources to fund higher education whereas Anglo-American is more on private spending. Malaysia is found to be in between the two approaches. Cummings et al. (2021), finds that student success is directly tied to increased state general operating and student financial aid. The funds can be distributed to support institutions' general operations or direct to students to cover tuition fees, living allowance, etc. Generally, all policies, procedures, and monitoring of higher education including for private institutions are done by the government (Glenny and Schmidlein, 1983). The State's contribution to private higher education, in general, has succeeded in reducing the public's reliance on public educational institutions, increasing accountability and efficiency in various scopes as well as becoming more responsive to market demand, increasing competition, and lowering the graduate unemployment rate (Rodan, 2016; Thompson and Zumeta, 2001). But it may not necessarily be able to have the expected quality impact (Mgaiwa and Poncian, 2016). The significant changes are observed only in regions that are under-focused (Patrinos et al., 2009).

The objective of this study is to analyze the pattern of the establishment and development of state-owned Private Higher Education Institutions (IPTS) in Malaysia. The focus of the study was to identify the categories of agencies, and the level of institutions established.

Literature review

In recent years, higher education institutions have been regarded as major contributors to the development of the nation. Their roles are beyond being knowledge institutions, they also contribute to the economic, social, and cultural development of the society. The goals and strategies to develop higher education and its success are influenced by several factors, and they vary for each country. Universities have transformed and expanded their function and mission from a simple transfer of bookish knowledge to searching, generating, and applying knowledge (Alemu, 2018). By the 20th century, the medieval university had become a large institution of diversified functions, personnel, and activities that were connected by a common name and related purposes. Higher education transformation continues rapidly. Moreover, society was able to develop new expectations from higher education. Today, higher education or a university has been considered by many as a private good and industry. Education in a university is commodified. *Table 2* indicates some of the new conceptions and related features of higher education. All types of institutions either for-profit or not for profit offering postsecondary training or education programs are considered higher education providers (Bennett et al., 2010). The traditional universities and for-profits differ in their control, operation, and mission. Traditional universities are arranged as nonprofit organizations whose stated purpose often invokes a service of the public good. In contrast, for-profits are categorized as profit-maximizing firms whose success depends on providing a valuable service to the student. However, private institutions must consider offering programs that attract a large number of students to guarantee their profits. While traditional colleges and universities heavily rely on government funds and private donations, private or for-profit institutions must be self-sufficient and respond to market forces to be successful. Many factors have to be considered such as industry needs, marketing and promotional activities, comparative fees, and the background of the student's family. The establishment of new institutions, including international branch campus universities in many countries, particularly in Asian countries, provides a testament to the viability of the private education sector.

Table 2. *Changing features of higher education.*

Traditional features	New conceptions
Higher education, public good	Industry, corporate, private good
Higher education services	Commodities
Students	Consumers/customers
Educators	Service providers
Cooperation/ aid for capacity building	Competitive alliances
Quality improvements	Revenue generation
Academic partnership and soft diplomacy	Strategic partnership for national economic
Diversity of perspectives	Shared prestige and global ranking

Source: Alemu (2018)

Globalization has increased the demand for public and private goods to be marketed and sold as commodities (Boulton and Lucas, 2011). Nowadays students have been regarded as customers, with the university as a service provider. This viewpoint has been accepted by many universities either implicitly or explicitly. This redefinition assumes a direct connection between the acquisition of specific technical skills and their deployment in specific roles in the modern economy. Additionally, it reflects the expectation of an “in-out” relationship between the current demand for skills and

university education. Through the process of colonialism, neo-colonialism, and globalization, European higher education institutions and universities have highly shaped, influenced, and impacted higher education institutions and universities in the world. This concept covers many aspects in terms of system, structural organization, curriculum, instructional languages, research methodology, institutional pedagogy, and so on (Alemu, 2018). Most European universities have, until recently, been controlled by the state, which typically has paid for the costs of higher education out of general taxation. Students pay little or no tuition and public institutions usually determine access to higher education through selective exams. Other than Europe, American tertiary education is considered to be the driving force for innovational change and the carrier of the global values of a knowledge-based society (Oloff, 2015). For Americans, states and the federal government have provided substantial funding for higher education. The federal government provides financial assistance to individual students and specific research projects, while state funds typically pay for the general operations of public institutions. Public universities have low or even zero tuition fees but have higher admission standards than private universities. However, the rapid growth of private higher education is a recent phenomenon not only in America but also in many European countries and other nations around the world (Romero and Del Rey, 2004).

The expansion of private education has taken place in response to the high demand for access to higher education and without a rise in public funding. Public and private universities have different objectives; while the public university maximizes public surplus, the private maximizes profits. The structure of their governance, source of financing, and their ultimate functions are fundamental distinctions between public and private HEIs (Asian Development Bank, 2011). Traditionally, public HEIs are owned, operated, and funded by the government, whereas private HEIs are commonly owned and run by nonstate personnel such as individuals, families, companies or corporations, religious organizations, and foundations. In many countries, private HEIs depend solely on tuition fees as the only financial source to operate because they receive little or no state funding. Due to that, their progress changed to a corporate-style management and administration structure (Taylor, 2017). Corporate practice in higher education was initially through the application of strategic management elements from the business sector to institutional performance indicators (Chaffee, 1984). Among the terms used are return on investment, return on assets and risk, market share, financial return, profit and cash flow, sales growth, and many others. Over time, most of the important aspects of the university's operations are managed based on corporate practices. For example, reputable universities such as New York University (NYU), Cornell University (CU), and the University of Maryland's University College (UMUC) which were formerly non-profit status also established business entities and subsidiaries to enhance competitiveness (Pusser, 1999).

Based on the measure of financial turnover, Rodan (2016) classified five educational joint venture models which are (i) external procurement efforts, (ii) joint venture service, (iii) the establishment of share companies, (iv) public-private joint ventures, and (v) joint ventures of public institutions and communities.

Traditional public procurement and outsourcing

The public body collaborates with the private institution through competitive tendering of public operational and service tasks in a traditional tender. The purpose of applying this model to higher education could be that private institutions receive direct

government funding for parts of their activities. This occurs in certain systems where the government, instead of building more institutions, spends unit-cost resources to purchase places in private institutions. This is particularly beneficial in programs related to public services, such as the training of teachers or nurses, when there is a shortage of personnel in those areas. Outsourcing is an early strategy to start a business model in higher education (Adams III et al., 2004). The availability of cafeterias and bookstores is among the most commonly observed in public institutions. Private universities employ outsourcing on a larger scale such as maintenance and security operations, including in the context of appointing academic staff with contract status. The organization's policy dictates that the service is provided through open tender or direct consultation. The selected supplier will provide the same services as the parent organization or services that are completely different from the functions and operations of the parent organization or simply rent facilities provided by the private sector. This model is easy to implement and directly beneficial to both parties. According to Adams III et al. (2004), this strategy can improve the operational efficiency and quality of services provided to students.

The applied model of business elements in higher educational institutions implemented using obtaining outsourced services can be observed in some countries. For example, in 2005, University SIM (UniSIM) was opened as the first private university in Singapore. The Singapore government recognizes the advantages of private engagement and offers scholarships for students to pursue full-time study programs at the university (UNESCO, 2014). This model provides benefits that vary between institutions, ranging from positive, negative, and mixed to indirectly affecting either party (Wekullo, 2017). The intrinsic profit factor desired by all parties involved will cause the services provided to become more expensive over time and the effects are borne by the students. However according to Gupta et al. (2005), outsourcing enables cost savings due to internal budget constraints, improvement of service quality, staffing control as well as solutions to lack of capacity or expertise in the organization, including the need to comply with instructions from administrative bodies and quality supervision.

In Malaysia, this model is referred to as privatization if implemented in the public sector on a large scale. In the early 2000s, the Ministry of Education (MOE) offered to private colleges to conduct matriculation programs. The government's policy to eliminate matriculation programs from public universities in 1998 resulted in the establishment of the Matriculation Division, Ministry of Education Malaysia (BMKPM). In the preliminary stages, only two matriculation colleges were provided by the government, namely in Melaka and Labuan. The urgent need to receive almost 10,000 admission applications prompted the ministry to offer places in 21 PHEIs before matriculation colleges were completed in Perlis, Kedah, Perak, Negeri Sembilan, Melaka, Johor, Pahang, Kelantan, and Sarawak (KPM, 2024). The outsourcing model can also be seen when MOE offered to Open University Malaysia (OUM) to conduct a graduate teacher graduate program in the early 2000s. The Ministry of Health Malaysia (MOH) also took the same step when offering to Universiti Industri Selangor (UNISEL) to develop and operate the Diploma in Education (Health Education) program as a training program for the ministry staff who will be placed at the College of Allied Health Sciences (KSKB), Ministry of Health Malaysia (MOH) at the beginning of its establishment.

Service partnership

Service partnerships in higher education are usually initiatives that open public universities to generate income. Public institutions receive income from their business activities: fee-charging courses, commissioned training, entrepreneurial spin-offs, patents, and so forth. As a result, public institutions also establish fully self-financing teaching programs, typically in the form of an extension school for adult learning or specific programs of market value. The concept of service joint venture refers to the creation of a new entity to perform certain responsibilities and operations that differ from the role of the parent organization. The goal of the establishment of a new entity is to perform tasks to achieve goals greater than the goals of both organizations. The sharing of services in higher education usually involves initiatives to create business-based subsidiaries that can generate income for the university. The university receives revenue from the commercial activities of such subsidiaries. University income can be generated through fees charged for training programs of an executive nature, entrepreneurial spin-offs, patents, and many other initiatives.

In the context of Malaysia, this model can be attributed to the implementation of the corporatization policy of public universities in 1992 (Ali, 1997). The concept of corporatization is completely different from the privatization programs of Syarikat Telekom Malaysia (STM), Tenaga Nasional Berhad (TNB), and Syarikat Airlines Malaysia (SPM) which was undertaken by the government in the 1980s. The corporatization policy of public universities reduces the reliance on operating financial allocation to 70% but public universities are allowed to earn income from broader sources such as return on investment, rental of facilities, fees from courses, fees for consultancy services, and other sources subject to the university's core business. The establishment of the Open University of Malaysia (OUM) through a consortium involving a combination of public universities is the largest example of the corporatization of public higher education in Malaysia (Ali and Bahroom, 2008). Apart from the establishment of a consortium, this model can also be seen when the University of Malaya (UM) established a Continuing Learning Centre (UMCED) which offers certificate and diploma-level programs to the public through a completely different admission and study process and is isolated from the main campus, especially from the aspect of tuition fee financing, curriculum structure, staff service scheme and the like which is oriented towards the practice of private organizations. Recently the University of Malaya (UM) is affiliated with the University of Wales (UK) establishing the University of Wales-Malaya (UWM) as a private university to offer studies up to the post-graduate level.

The establishment of a joint company with a private supplier

The core of this cooperation is that a public body joins forces with one or more private enterprises to establish a joint venture on specific projects or programs within a public institution. The government and private actors can also establish and run an institution. For the most part, institutions in this mode remain public but benefit from the financial power of the private partner.

Other cooperative business models

Other business models involving higher education include the ownership of companies through partnerships, joint ventures involving public and private participation, and public and community partnerships. The development of private

higher education in Malaysia based on this model can be characterized by several categories. The establishment of the earliest private universities in Malaysia was facilitated by the involvement of government stakeholders (GLCs) and political parties (Arokiasamy et al., 2009). For example, universities funded by GLC are Universiti Teknologi Petronas (UTP-Petroleum Nasional), Universiti Tenaga Nasional (UNITEN-Tenaga Nasional Berhad), and Multimedia University (MMU-Telekom Berhad); while the universities established by the ruling government's political parties are Universiti Tunku Abdul Rahman (UTAR) and AIMST University. In addition to the direct involvement of the government, the model of corporate joint venture strategy with leading overseas universities is said to have helped the early development of private universities in Malaysia (Chiang and Cheng, 2019). For example, Sunway Berhad, Barlow-Boustead, YTL Corporation, and Lembaga Tabung Angkatan Tentera (LTAT) established joint ventures with overseas organizations to establish Monash University Malaysia and the University of Nottingham Malaysia.

Materials and Methods

This study is based on an online resource. Researchers utilize Google Scholar as the primary database because it is easily accessible, and free and there is content from indexed journals (Lewandowski, 2010). Google Scholar's coverage has widened over time compared to Web of Science and Scopus, although there are shortcomings in some other aspects such as content gaps, phantom data, easy-to-manipulate citation counts, lack of transparency, and limitations for empirical bibliometric studies (Fagan, 2017). The main source of this study was obtained through a Google search with several keywords such as 'higher education Malaysia' and 'state-funded' which provided 549,000,000 results (0.52 seconds). The sources analyzed included reports from the ministries, international and local agencies, and articles from journals. However, researchers limited the search to five views because, on the sixth display, it was found that the listed resources were irrelevant to the scope of the study, or the topics were too broad on higher education in general, or the study resources were not based on local issues and data.

Results and Discussion

Establishment of state private higher education institution

Economic changes and uncertainties in the local and global environment demand a model of universities that have autonomy and bear greater accountability to be more responsive in the future (Ithnin et al., 2018). Due to that, the establishment of higher education and training institutions by public agencies at the federal and state levels is a result of this. *Tables 3* and *Table 4* show the level of involvement of public agencies in the private sector of higher education.

Table 3. *Level of involvement of public agencies in the establishment of private HEIs.*

Level	Description
Federal Agency	Establishment of private HEIs through corporate entities (GLCs) and subsidiaries owned by government agencies at the federal level.
State Agency	Establishment of private HEIs through subsidiaries owned by public agencies at the state level.

Table 4. Five Levels of public agency involvement in the establishment of private HEIs.

Level	Description	Examples pf Institutions
Federal	Establishment of GLCs	UNITEN, UTP, MMU
Federal	Establishment of subsidiaries	Universiti Kuala Lumpur (UniKL), Universiti Keusahawanan Koperasi Malaysia (UKKM), Kolej Universiti Agrosains Malaysia (UCAM), Kolej FELCRA
State	Establishment of subsidiaries through the State Foundation	Universiti Selangor (UNISEL)
State	Establishment of subsidiaries through the State Islamic Religious Council	Universiti Islam Selangor (UIS), Universiti Melaka (UNIMEL), Universiti Islam Antarabangsa Sultan Abdul Halim Mu'adzam Shah (UniSHAMS), Universiti Sultan Azlan Shah (USAS), Universiti Islam Pahang Sultan Ahmad Shah (UnIPSAS), Kolej Universiti Antarabangsa MAIWP (UCMI), Kolej Universiti Islam Perlis (KUIPs), Kolej Universiti Islam Antarabangsa Sultan Ismail Petra (KIAS)
State	Joint ventures with private companies	Quest International University (QIU), Universiti UCYP, Kolej Universiti TATI (UC TATI), Kolej Universiti Yayasan Sabah (KUYS), Kolej Antarabangsa Kejururawatan dan Sains Kesihatan KPJ, Kolej Yayasan Pelajaran Johor, Kolej Antarabangsa Yayasan Melaka

The involvement of public agencies in private higher education can be categorized into several levels. The first stage took place after the government implemented the privatization policy through the Eighth Malaysia Plan (RMK8) which saw the establishment of government stakeholders (GLCs) namely Tenaga Nasional Berhad (TNB), Syarikat Telekom Malaysia (STM), Petroleum Nasional Berhad (PETRONAS) and several others. Indirectly, it has led to the establishment of the first private university in Malaysia, namely Universiti Tenaga Nasional (UNITEN), Universiti Multimedia Malaysia (MMU), and Universiti Teknologi Petronas (UTP). Back in 1990, Tenaga Nasional Berhad (TNB) was established to replace the National Electricity Board (LLN) through the Electricity Supply Successor Company Act 1990. In line with that, the relevant entities were also upgraded. Among them, the Sultan Ahmad Shah Training Institute (ILSAS) which was formerly a corporate training center for LLN was branded as the National Institute of Energy Technology Engineering (IKATAN). The institute was upgraded to Universiti Tenaga Nasional (UNITEN) in 1997. At the same time, Universiti Telekom Malaysia Sdn.Bhd (UTSB) which is a subsidiary of Telekom Malaysia (TM) was established as an early step towards the establishment of Universiti Multimedia Malaysia (MMU). Syarikat Telekom Malaysia (STM) was registered as a corporate body on 1 January 1987 through the Telecommunications Service (Successor Company) Act 1985. Petroleum Nasional Berhad (PETRONAS) which was established earlier in 1974 also contributed to the development of higher education by establishing Universiti Teknologi Petronas (UTP) in 1997.

The second category of involvement of public agencies in private higher education is through the establishment of subsidiaries by entities at the federal level. For example, RISDA and FELCRA are agencies under the Ministry of Rural Development (KPLB). In 1999, RISDA established a subsidiary of Kolej Risda Sdn.Bhd to convert the Risda Training School to Risda College. In 2014, Risda College was upgraded to Kolej Universiti Agroscience Malaysia (UCAM). In 2012, FELCRA Education Services Sdn. Bhd. was established by FELCRA BERHAD to manage FELCRA College. FELCRA Berhad is a Government Statutory Body known as the Federal Land Consolidation and Rehabilitation Authority (FELCRA) established under the Incorporation of Land Rehabilitation and Land Consolidation Authority (FELCRA) Act on 1 April 1966. Beginning on 1 September 1997, FELCRA was incorporated and changed its status from a Statutory Body to a Government-owned entity. Next, the third stage is to involve public interest agencies at the state government level. There are three approaches to the implementation of higher education programs at the state level, namely through the State Foundation (YN), the State Islamic Religious Council (MAIN), and joint ventures with private companies. The involvement of the State Government in conducting education and training programs for school leavers started in the early 1980s. In general, it can be classified into two sources of administrative power, namely the state government under the political authority of the Menteri Besar and the state agency, the State Islamic Religious Council (MAIN) which is covered by the power of the Sultan as stated in the State Legislature and the Constitution of the Federal Government. The establishment of Yayasan Negeri (YN) as a statutory body is the main strategy of the State Government to expand access to social services to the community, especially in the field of education. Various forms of educational assistance and educational scholarships are offered to the students. Among the earliest states involved in higher education programs through the role played by Yayasan Negeri (YN) were Sabah, Johor, Pahang, Terengganu, and Melaka. The status of the foundation as a statutory body enables companies to be established to conduct business including managing the operations of training centers and educational institutions by the Private Higher Education Institutions Act 1996 (Act 555). *Table 5* lists PHEIs established through companies owned by the State Foundation (YN).

Table 5. *The list of private institutions established by the State Foundation.*

No	State foundation	Educational institutions
1.	Yayasan Sabah (KKYS Sdn.Bhd)	Institut Pembangunan Insan (1990) Kolej Teknikal Yayasan Sabah (1990)
2.	Yayasan Terengganu (Trefound Educare Sdn.Bhd)	Kolej Kemahiran Yayasan Terengganu (1992)
3.	Yayasan Pahang	Kolej IKIP (1999)
4.	Yayasan Melaka (Yaspem Sdn.Bhd)	Kolej Yayasan Melaka (1993)
5.	Yayasan Pelajaran Johor (Ilham Ikhlas Sdn.Bhd/ Kumpulan Pendidikan YPJ)	Kolej Yayasan Pelajaran Johor (KYPJ) Kolej Islam Johor (KIJ) Institut Teknologi Perindustrian YPJ (ITPYPJ) Kolej Teknologi Binaan YPJ (KTBYPJ) Kolej Komuniti YPJ (KKYPJ)
6.	Lembaga Kemajuan Terengganu Tengah (KETENGAH) (Kolej Ketengah Sdn.Bhd)	Kolej Ketengah (1981)

The State Islamic Religious Council (MAIN) also plays a significant role in developing higher education at the state level. In general, it was done by establishing Islamic studies centres such as madrasah and maahad tahfiz which were later upgraded as institutes, colleges, and university colleges. It was influenced by students returning

from Al-Azhar University, Egypt, prompting several state governments to visit to establish a network of cooperation with the university which is considered a model of Islamic educational institutions in Malaysia. MAIN also established a foundation to manage educational institutions as well as implement other social programs. *Table 6* lists the PHEIs established as a result of the initiative of the State Islamic Religious Council (MAIN). The fourth approach of the state government in developing higher education is through establishing companies and joint ventures with private companies. For example, Universiti Industri Selangor (UNISEL) was established in 1999 through Pendidikan YNS Sdn.Bhd which is wholly owned by the Selangor State Government. This model went through a complicated process as it also involved Kumpulan Darul Ehsan Berhad (KDEB) which is also an entity under the Selangor State Government. Now YNS Education. Sdn.Bhd is covered by Perbadanan Menteri Besar (Major Minister of Incorporated, MBI). The Perak State Government undertakes joint ventures with private companies through shareholding in Global Integrated Training Associates Sdn.Bhd. (formerly known as Blair Education Services Sdn.Bhd) who manages Quest International University Perak (QIU). In the early 1990s Negeri Sembilan Government, they have collaborated with a private company to operate the Negeri Sembilan College (Kolej Negeri).

Table 6. List of PHEIs established by companies/foundations under the supervision of the State Islamic Religious Council (MAIN).

No	Foundation/company	Educational institutions
1.	Yayasan Islam Terengganu (Syarikat Open Access Sdn. Bhd)	Markas Pengajian Islam (1984)/ Institut Pengajian Islam (2010)/ Kolej Yayasan Islam Terengganu (2018)
2.	Majlis Agama Islam dan Adat Melayu Perak	Kolej Islam Darul Ridzuan (2009)/ Kolej Universiti Sultan Azlan Shah (2013) / Universiti Sultan Azlan Shah (USAS) (2016)
3.	Majlis Agama Islam Negeri Kedah	Institut Agama Islam Negeri Kedah Darul Aman (1995)/ Kolej Universiti INSANIAH (2006)/ Universiti Islam Antarabangsa Sultan Abdul Halim Mu'adzam Shah (UniSHAMS) (2018)
4.	Majlis Agama Islam Selangor	Kolej Islam Darul Ehsan (1995)/ Kolej Universiti Islam Antarabangsa Selangor (KUIS) (2004)
5.	Sistem Pendidikan Islam Pahang Sendirian Berhad (SPIPSB)	Kolej Islam Pahang Sultan Ahmad Shah (1998)/ Kolej Universiti Islam Pahang Sultan Ahmad Shah (KUIPSAS) (2016)
6.	Majlis Agama Islam dan Adat Istiadat Melayu Perlis	Kolej Universiti Islam Perlis (2013)
7.	Majlis Agama Islam Wilayah Persekutuan (Pusat Rawatan Islam Sdn.Bhd/ Anggun Mulia Sdn.Bhd/ Kolej Sains Perubatan Antarabangsa Pusrawi Sdn. Bhd)	Pusat Latihan Jururawat/ Kolej Kejururawatan Pusrawi/ Kolej Pusrawi (1993)/ Kolej Sains Perubatan Antarabangsa Pusrawi (2011)/ Kolej Universiti Antarabangsa PICOMS (PIUC) (2019)
8.	Majlis Agama Islam Johor (MAIJ)	Pusat Pengajian Islam (MARSAH) atau "Markaz al-Dirasat al-Islamiah wa al-'Arabiah bi Wilayati Johor" (1997)/ Kolej Pengajian Islam Johor (2011)/ Kolej Universiti Islam Johor (2022)
9.	Majlis Agama Islam Wilayah Persekutuan(MAIWP)/ Yayasan Wilayah Persekutuan (YWP)	Pusat Latihan Fakir Miskin/ Pusat Latihan Kemahiran Baitulmal (1991)/ Institut Kemahiran Baitulmal (1992)/ Institut Profesional Baitulmal (1995)/ Kolej Profesional Baitulmal
10.	Yayasan Islam Kelantan (YIK)/ KIAS Darul Naim Sdn.Bhd (KDSB)	Maahad Dakwah Wal Imamah (1994)/ Kolej Islam Antarabangsa Sultan Ismail Petra (KIAS)(1999)

Apart from the initiatives undertaken at the state level, the State Government has also contributed to the development of higher education at the federal level. For example, in 2010, Universiti Sultan Zainal Abidin (UniSZA) was upgraded to a public university. UniSZA started as the Sultan Zainal Abidin Religious College (KUSZA) under the supervision of the Terengganu Religious Affairs Department (JHEAT) in 1981. Yayasan Sabah (YS) directly helped the federal government develop Universiti Malaysia Sabah (UMS). At the beginning of the establishment of UMS, UMS students took a ride at Yayasan Sabah Community College in Likas (UMS 2017 Annual Report). In addition, the State Governments managed to raise the status of institutions to

the highest level such as the establishment of Kolej Universiti Yayasan Sabah (KUYS), Kolej Universiti Yayasan Pahang (KUYP), Universiti Sultan Azlan Shah (USAS), Selangor International Islamic University (KUIS) and Sultan Abdul Halim Mu'adzam Shah International Islamic University (UniSHAMS). Johor Education Foundation College (KYPJ) and Johor Islamic Studies College (KPIJ) will be elevated as universities in 2021. The State Educational Institution (IPN) also recorded several other successes such as building a network of cooperation with foreign institutions, recognition of the quality system, and so on. Overall, it can be shown that the involvement of public interest agencies is one of the most crucial factors for the development and advancement of private higher education in Malaysia. It takes place in various forms at the level of federal and state governments on a large scale. Therefore, the contribution of public interest agencies especially at the state level in conducting training and higher education institutions to produce trained work resources should be given due attention. This study tries to dive deeply into the application of good practices in management in PHEIs based on the influence of financial sustainability management (input) and its impact on the self-development and career development of academic staff (processes) and the professional level of academic staff (output) as these three factors can affect the performance of the organization and the graduates produced.

Conclusion

The government agencies at the federal and state governments to establish higher education institutions have expanded the opportunities for higher education to the community and reduced the Government's burden on higher education. The institutions operated as a business entity through the establishment of subsidiaries, state foundations, or in collaboration with corporate organizations. The ability of the institutions to expand and upgrade from training centers to private colleges, university colleges, and private universities gives the indicator of the federal and state agencies to contribute to the development of the national higher education system. However, there are still doubts that the establishment of institutions is politically motivated and does not respond to the needs of the industry sector.

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Conflict of interest

This study has considered the issue of conflicts of interest between the parties involved. The researchers did not receive any remuneration or were in a position deemed to have an interest in the findings of the study.

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