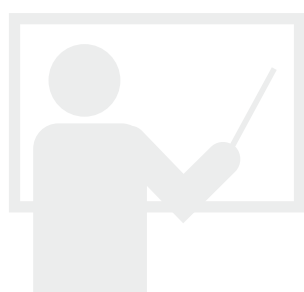


School Autonomy: Case Studies of Private School Chains in Malaysia

Nina Adlan Disney



Abstract

This paper takes a look at the notion of autonomy for schools. Two private schools were selected and their use of autonomy was studied. The four areas in which both schools seem to freely practice autonomy are: curriculum, teaching methodology, staffing, financing, and governance structures.

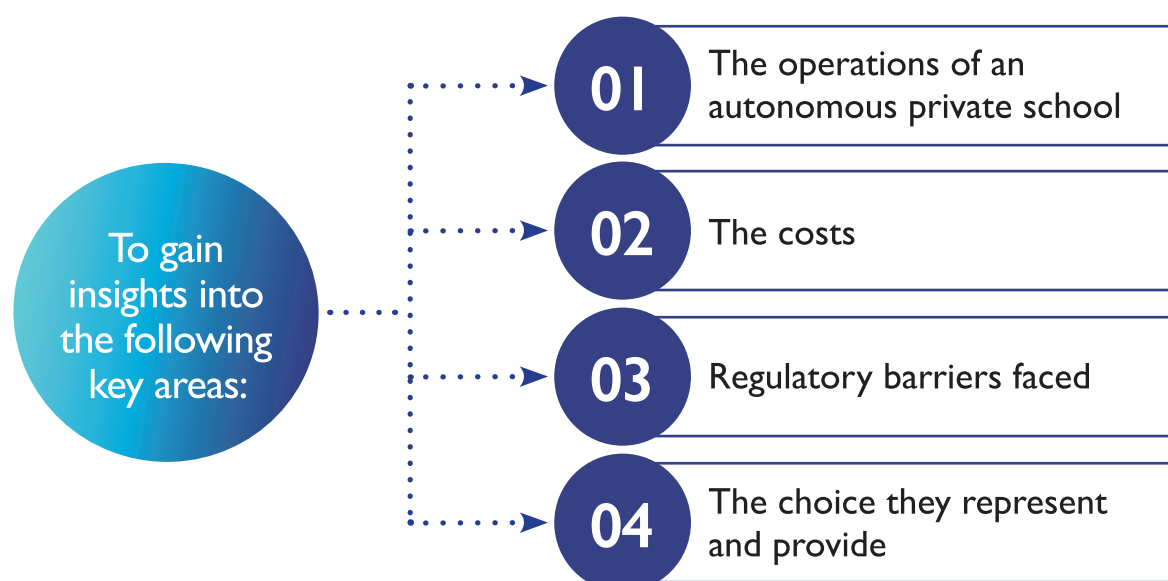
The author observes that their autonomy allows for the schools to respond to the demand of parents.

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Introduction:

Private School Chains

This paper aims to examine how private schools operate in the Malaysian education context and how they utilise the freedoms afforded in the sector in which they exist and operate. Two established private school chains, R.E.A.L. and Taylor's Education Group, will be the focus of this paper. Principals and senior management members of these school groups were interviewed to gain insights into the education sector.



Autonomy

Education decentralisation policies are prevalent around the world. The objective of such policies, especially those increasing school autonomy and local governance, may include improving service delivery, but more commonly involve shifting political power or funding responsibilities. Whatever the motivation for education decentralisation, such policies generally lead to improvements in the quality of education.¹

The Programme for International Student Assessment (PISA) results show that in

higher-performing systems, schools have more autonomy, and have the incentives as well as the capacity for improvement. In the school systems of Hong Kong–China, Japan, the Netherlands, and Korea schools have more responsibility for establishing codes of conduct, student assessment policies, approving new admissions, and choosing which resources are used and what courses are offered.²

However, a stand-alone policy to grant schools greater autonomy will not, in itself, result in better outcomes. Schools

with more autonomy tend to perform better than those with less autonomy when the system, as a whole, uses such accountability arrangements as setting clear objectives of what students are expected to learn and share information about outcomes, and/or when principals and teachers work together to manage schools effectively.³

Role of Private Schools in Malaysia

International and private schools play an increasingly important role within the Malaysian educational landscape. The first international schools were initially set up to cater to specific expatriate communities living in Malaysia, for example, the British (Alice Smith in 1946, Garden School in 1951) and Americans (ISKL in 1965).

Private local schools in Malaysia were first established in the 1950s, as an avenue for school 'dropouts' who could not complete their education in government schools. However, throughout the 1970s and 1980s, the first phase of private local schools began to enhance their reputations with improved facilities and a focus on academic quality (e.g. Sri Inai, Sri Kuala Lumpur, Sri Cempaka). These schools came to provide a viable alternative to those increasingly disenchanted with government schools. These developments continued throughout the 1990s and early 2000s, with the introduction of the second phase of private schools. This was led by established higher education

groups, such as Kolej Damansara Utama (KDU), Sedaya and Asian Pacific Institute of Information Technology (APIIT), many of which pioneered 'smart school'⁴ concepts in the private sector.

Throughout this period, international schools continued to cater primarily to expatriates. Malaysians were technically prohibited from enrolling, with exemptions granted to those who met specific requirements (e.g. Malaysians returning from overseas, or those intending to emigrate). In 2006, the Ministry of Education (MOE) issued guidelines to

liberalise entry into international schools for Malaysians, but limited it to a quota of 40 percent of the student body. In 2012, this quota was removed, enabling Malaysians to enrol at a school of their choice, subject to instruction in certain key subjects, such as Bahasa Melayu (BM) and Islamic Studies for Muslims.

The liberalisation of the sector in 2012 resulted in a third wave of private schools, with many schools choosing to phase out their private national streams to focus on international curricula.

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¹ Busemeyer, Marius R, OECD Conference paper, Effective local governance in education "April 2012

² PISA, What Makes Schools Successful? Resources, Policies and Practices (Vol 4), 2012 Results

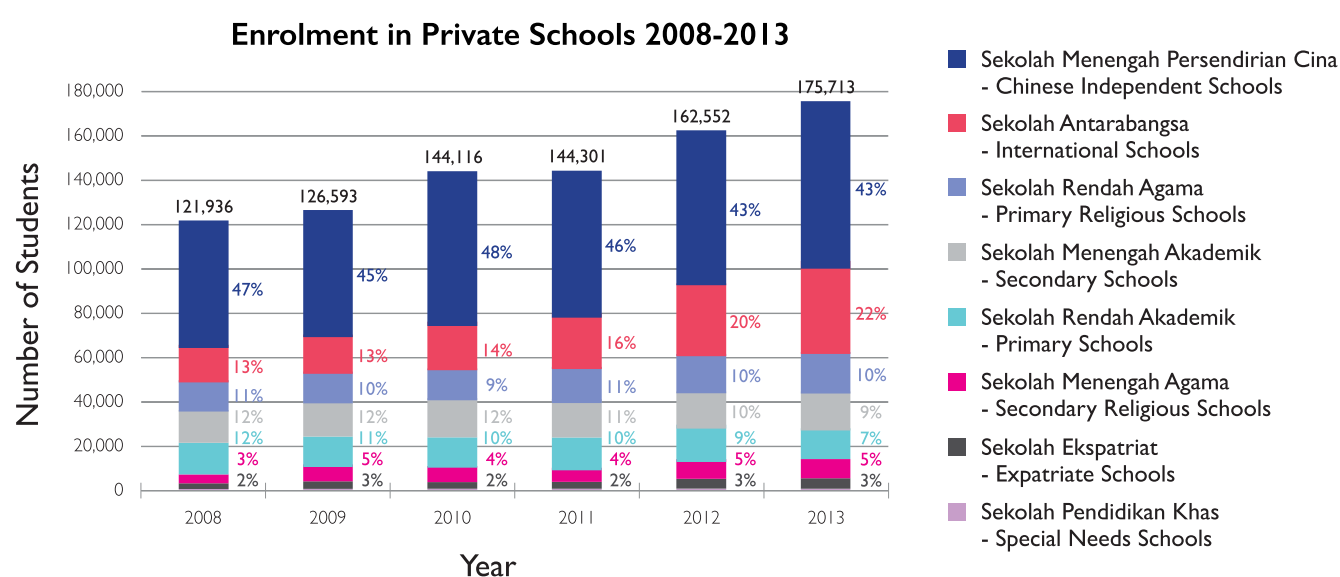
³ Jensen, Ben. Myths of Markets in School Education, Grattan Institute Report, 2013

⁴ Smart schools aim to provide 21st century methodologies, with an emphasis on using Technology tools to enhance the teaching and learning process.

Supply and Demand

Demand for private schools has been increasing over the last decade. *Chart 1* clearly demonstrates a growing preference for private schools and a sizable increase in enrolment into private Chinese schools, religious schools and international schools.

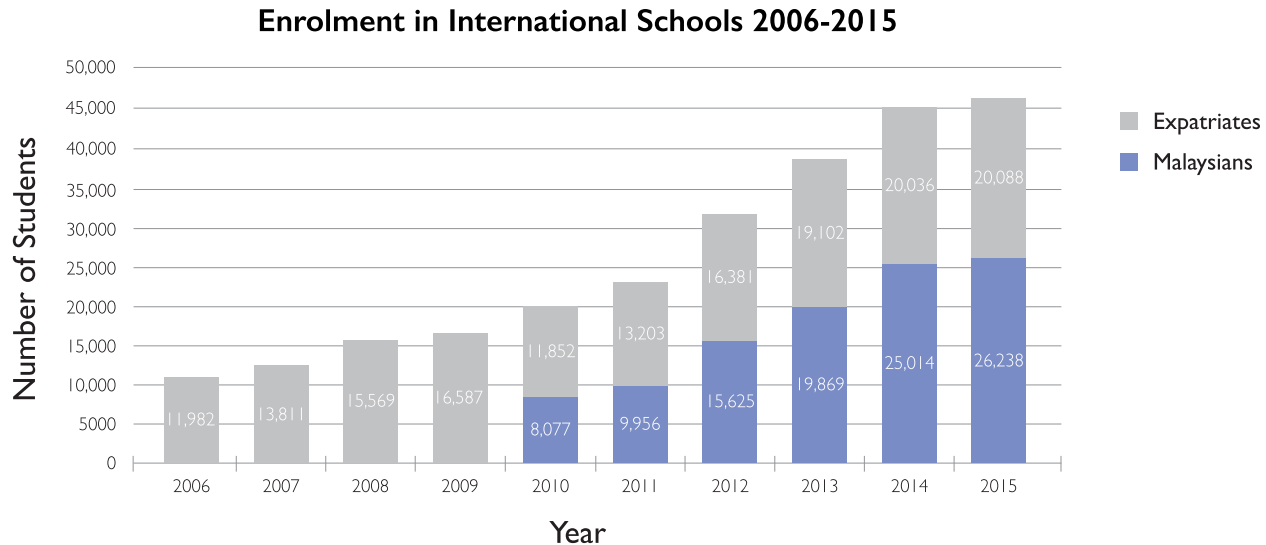
Chart 1 - Student Enrolment in Private Schools



Source: Ministry of Education, Bahagian Pendidikan Swasta, Buku Data Asas Pendidikan Swasta 2013

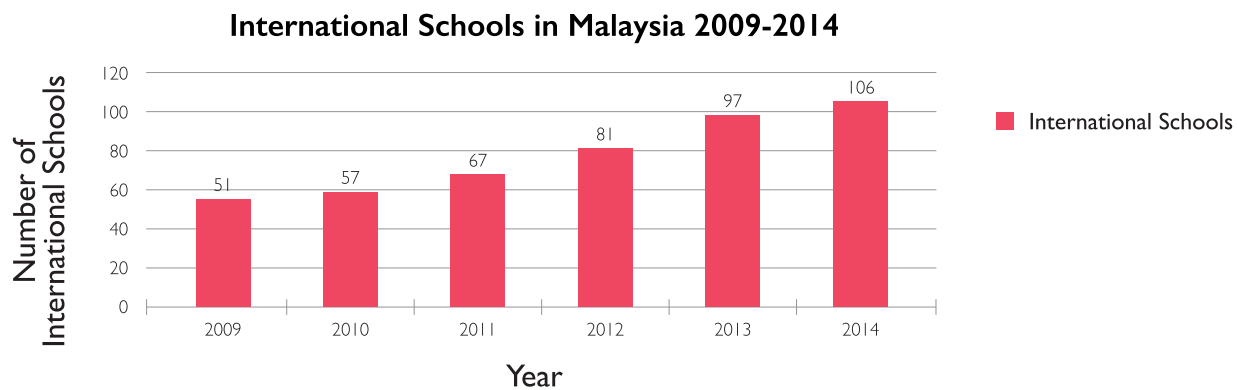
According to the government's Performance Management & Delivery Unit (PEMANDU), the most significant growth has come from Malaysian student enrolment in international schools, with more than a three-fold increase in the period 2010-2015 (see *Chart 2*). There has been a corresponding rise in the number of providers (see *Chart 3*): 57 international schools in 2010, increasing to 106 in 2014 (with another 14 new approvals granted in the same year), 53 of which are concentrated in the Klang Valley.

Chart 2 - Student Enrolment in International Schools



Source: PEMANDU

Chart 3 - Number of International Schools in Malaysia



Source: PEMANDU

Driving this demand is dissatisfaction of parents and families with the government's school system. Focus group interviews that were conducted by Prospect Education Consulting in 2012 (the year when the quota for Malaysians was lifted), with parents from the Klang Valley in middle to high-end income groups (with a monthly household income above RM 10,000). The following key concerns at national schools were identified:

- Rigid curriculum – over-emphasis on rote learning and examination performance;
- Learning environment – teachers unable or unwilling to create dynamic and interactive

scenarios in which students are engaged to become independent learners;

- Teacher quality – low calibre of personnel in terms of academic attainment, lacking in motivation, discipline and genuine interest in students;
- Absence – teachers are often away on maternity leave and training courses without adequate supply or teaching arrangements in place;
- Morale – low morale amongst teachers, contributing to a sense of apathy;
- Management – lack of strong academic and administrative direction from the

senior management team, no sense of responsiveness or accountability;

- Feedback – absence of meaningful mechanisms to monitor and channel concerns regarding students' progress;
- Languages – limited opportunities to learn mother tongue or other languages, frequent policy changes (for example, Maths and Science in English), declining standards of English;
- Social profile – lack of racial representation amongst the student body and teaching staff, too much focus on religion for Muslim students;

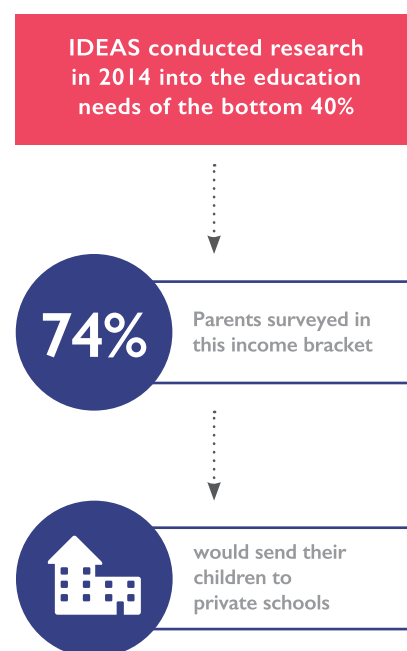
- Big class sizes – large teacher:student ratio exceeding 1:40 in popular and over-subscribed schools;
- Facilities – limited academic, sporting and extra curricular facilities, absence of adequate counselling services and genuine pastoral care;
- Special needs – limited to no provision or support for students with learning disabilities or special needs e.g. gifted and talented, dyslexia, attention deficit disorder (ADD) etc.

Meanwhile, research was conducted by IDEAS in 2014 to look into the education needs of families with an average household income of RM2,537 per month.⁵ The research indicated that the majority of the parents surveyed in this low income bracket (74 percent), given the choice and financial

means, would opt to send their children to private schools.

The main reason cited for this choice was to improve their child's English proficiency. These parents also believe that private schools offer better teachers, more extracurricular activities and exposure to ethnic diversity.

Due to financial constraints of the bottom 40 percent, the market for international and private schools in Malaysia is currently confined to the wealthy.⁶ International and private schools can currently be classified into three broad categories ('Top, Middle and Low-tier' schools) according to the demographic that they serve, the ratio of expatriate teachers, and the fees charged.



Category*

Examples (Klang Valley only)

Top-tier >RM 50k per annum	AISM, Alice Smith, BSKL, Garden International School, IGB International School, ISKL, MKIS, Nexus
Middle-tier RM 25-50k per annum	Asia Pacific International School, Cempaka, ELC, Fairview, HELP International School, Taylor's International School, Tenby, Sri KL
Low-tier <RM 25k per annum	Asia Pacific Smart School, Kingsley, Nobel, REAL Schools, Sayfol, Sri Utama

* fee levels based on average school fees for secondary education

Financial Performance of Private Schools

Profits in the 'for profit' school sector are predicated upon the simple equation of 'student numbers x fees'. However, as part of the MOE registration process, tuition fees chargeable by international and private schools must fall within MOE approved ranges applicable for individual schools, and hence are not entirely governed by pure market forces. Nevertheless, many operators have regarded education as a good cash business. Although in reality, there is a long gestation period, particularly for schools operating with purpose-built infrastructure and facilities. The education industry is a long-term investment, and the return is typically lower than those of many other industries. The most successful and efficiently-managed private schools can expect to record profits of 20 to 30 percent of revenue.⁷

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⁵ 11th Malaysia Plan: Strategy Paper 2: Elevating B40 households towards a middle class family - EPV

⁶ Internationally, there are many low-cost private school models. Some are chains of low-cost schools such as Bridge International and others are independent low-cost private schools set up by members of a community or NGOs.

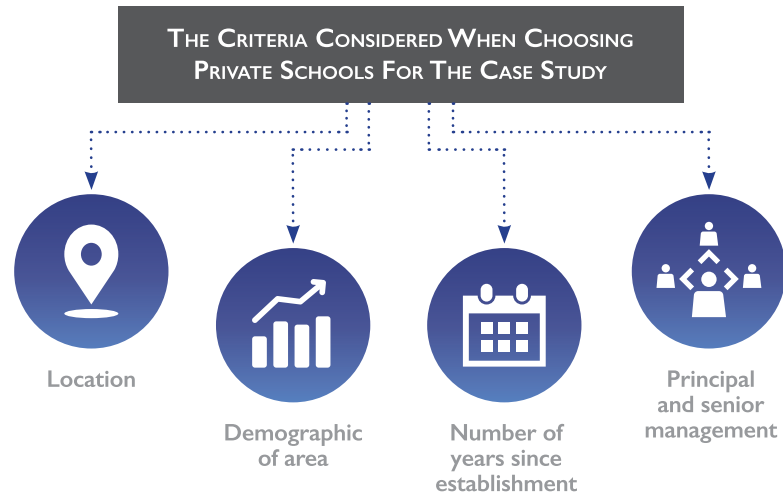
⁷ Prospect Education Consulting, Market Research Report, 2012

Case Studies of Private Schools

Criteria for Selection:

Purposive or convenience sampling was used in this study. The criteria considered when choosing private schools for this case study were the following:

- Location: in the Kuala Lumpur/Selangor area
- Demographic of area: ideally located in middle to lower income areas
- Number of years since establishment: at least six years
- Access to the principal and the senior management: the principal and the senior management members of the school were willing to be interviewed



Overview of Regulations:

The majority of private schools in Malaysia operate as independent private limited liability companies, which in turn may be wholly owned by other private companies, individuals, or be part of a larger public listed group. As such, private schools must conform to all applicable corporate and financial reporting requirements.

Moreover, all private schools must be registered with the MOE's Private Education Division (BPS). Requirements for registration include: company ownership details, Board of Directors, Board of Governors, appointment of Principal, Teacher Permits, curricular and co-curricular information, premises and facilities, fees and annual returns reporting on student enrolments, teachers and fees charged. There are also paid up capital requirements (minimum RM100,000), as well as guidelines regarding permanent campus land area (5 acres).

In addition to Teaching Permits, non-Malaysian nationals (expatriate teachers) will also be required to apply for an Employment Pass

issued by the Immigration Department, with further stipulations regarding qualifications and experience. It should be noted that the single biggest item of operational expenditure for private schools are emoluments, so the additional costs associated with expatriate teacher packages are a major determinant of school fee levels. International schools in the 'high-end' sector generally hire a higher proportion of expatriate teachers.

It is becoming an increasingly competitive environment for recruiting, particularly British trained, teachers. A recent study observes: "The rising popularity of the British curriculum abroad has led to a 70 percent increase in the number of British orientated International

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schools since 2000... The surging popularity of international schools outstripped the number of qualified teachers in England which has grown by only 8 percent in the same timeframe.”⁷

The competition for expatriate teachers by Malaysian private schools is exacerbated by the weakening Ringgit, which means that salary packages for British teachers have reduced by up to 25 percent. This situation has led the sector to take pro-active steps in terms of staff development and creating a pool of home-grown teaching talent. For example, Taylor’s Education Group (see below) has established a Bachelor of Education (B.Ed) programme at Taylor’s University, designed to supply teachers to its TIS group.

Case Study I: R.E.A.L Schools

R.E.A.L Education Group – R.E.A.L (Results Enhancing through Active Learning) traces its beginnings to 1985, when three engineers/entrepreneurs established Sekolah Seri Suria in Cheras. This was followed in 1986 by the establishment of a kindergarten group (R.E.A.L Kids), and more R.E.A.L Schools: Sekolah Seri Cahaya in Shah Alam in 1999 and another Cahaya campus in Johor Bharu in 2008. Today, the Group comprises more than 30 kindergartens, three ‘dual stream’ schools (offering both national and international curricula), an international college (ALFA College), and an English language centre.

Curriculum - Each campus comprises two schools - one offering the Malaysian National Curriculum and the other offering an international (British) syllabus. National Curriculum schools are enhanced by additional features from the Singapore system, especially in English, Maths and Science. The international system leads to the award of IGCSEs by Cambridge International Examinations (CIE). Both systems pride themselves on R.E.A.Ls ‘five pillars’: Character Building, Language Mastery, Effective Communication Skills, Interpersonal Skills and Multiple Intelligences.⁸

Management Structure - R.E.A.L Schools operate across three campuses (Suria Cheras, Cahaya Shah Alam and Cahaya JB), with a total population of more than 3,000 students. A General Manager (GM) oversees each campus. In turn, each school (national and international), has a Senior Principal or Principal in charge of academic affairs. Meanwhile, at the Group level, the President provides strategic direction at the HQ in Subang, with shared support services in areas such as Finance, HR and Marketing.

Finance and Funding - R.E.A.L Schools operate as commercial entities via the R.E.A.L Education Group Sdn Bhd, with CIMB Private Equity (CIMB PE) having acquired a 33 percent stake in the group for over RM33 million in May 2014.⁹ According to accounts filed with the Companies Commission of Malaysia (CCM), the group posted revenue of RM88 million in 2014, with profit before tax (PBT) of RM13 million.

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⁷ Edvectus White Paper, All Change: How Changes in UK Teacher Training Will Help or Hinder Your School’s Recruitment 2015

⁸ Multiple intelligences refer to a learning approach that identifies a child’s strengths and learning abilities.

⁹ CIMB Private Equity Acquires A Minority Interest in REAL Education,

<https://www.cimb.com/en/news/news/2014/cimb-private-equity-acquires-a-minority-interest-in-real-edu.html>

Case Study 2: Taylor’s Schools

Taylor’s Education Group (TEG) – is one of the oldest and most diversified education groups in Malaysia, originating with Taylor’s College in 1969 (specialising in pre-university programmes), Taylor’s University and Taylor’s Schools. The Schools’ division comprises well-known international school ‘brands’ such as: Garden International School (GIS), the Australian International School Malaysia (AISM), Nexus International School (Putrajaya and Singapore), and the most recent addition - Taylor’s International School (TIS KL and Puchong).

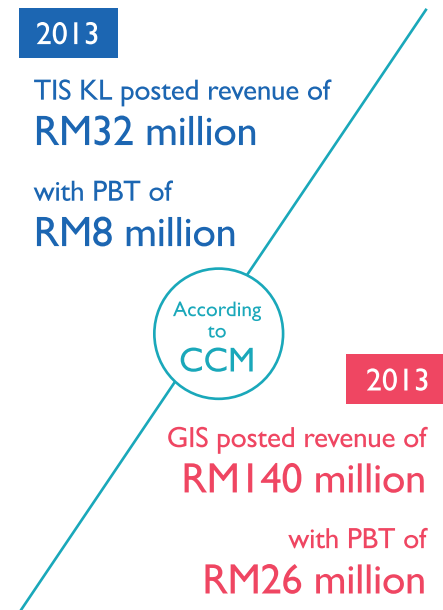
Curriculum – Each school in the ‘high end’ sector offers distinct curricula: British (GIS), International Baccalaureate (Nexus), Australian (AISM). This study concentrates on the ‘middle sector’ market and as such, the focus was on Taylor’s International Schools (TIS). TIS KL, formerly known as ‘Sekolah Seri Garden’, previously offered the Malaysian National Curriculum. However, due to a marked decline in demand, Taylor’s decided to change its strategic focus, phased out the national syllabus and announced in 2013 that it would re-brand as ‘Taylor’s International School’. TIS KL and the new TIS campus in Puchong now both offer an exclusively international British curriculum (leading to Cambridge International Education IGCSEs), but infused with educational features catering to a predominantly local demographic e.g. ‘Tri-Lingual Language Foundation’ (English, BM, Mandarin) and ‘Best of Eastern and Western Values’.

Management Structure – Taylor’s Schools operate across six different campuses in Malaysia (GIS KL and Kuantan, Nexus Putrajaya, AISM, TIS KL and TIS Puchong), with a total population of more than 6,000 students.

Each TIS campus is run by a Principal who is responsible for the operations of the school’s academic and administrative functions. Both schools also have access to a dedicated TIS ‘hub’ providing support in Finance, HR, Marketing, ICT and Facilities Management. Beyond that, at the Taylor’s Schools level, the President provides strategic planning and direction for all the schools in the group via the Taylor’s School Office (TSO) in Mont Kiara, with further support in Finance, HR/Marketing, Special Projects and a Director of Teaching and Learning. Taylor’s Schools in turn comes under the purview of the Taylor’s Education Group Board and Management Committee.

Finance and Funding - Each school within the group is registered as a separate legal entity, with its own Board of Directors and Governors. Ownership origins go back to the MBf Group, a diversified company with interests in financial services, education, property, leisure and credit cards, which was significantly restructured after the financial crisis of 1997/98 and the death of its founder. It was then taken over by Danaharta and the education business was consolidated under the Taylor’s Education Group.

According to CCM data, TIS KL posted revenue of RM32 million in 2013, with Profit Before Tax (PBT) of RM8 million. By comparison, GIS posted revenue of RM140 million in 2013, with PBT of RM26 million.



Discussion and Observations

Autonomy in the Malaysian private school sector manifests itself in the following key areas:

1. Finance – freedom in terms of operational budgeting and capital investments as funding raised solely via school fees and other independent sources.
2. Staffing – freedom to 'hire and fire' according to needs as they see fit (subject to issuance of Teacher Permits/Employment Passes).
3. Methodology and curriculum – be able to independently decide on the most effective pedagogy (subject to fulfilling criteria of respective curricula).
4. Governance – be able to independently determine leadership structures to formulate policies and procedures in relation to student admissions, behaviour issues and approaches to monitor teaching, learning, and quality assurance.

The above should, in theory, lead to a better level of service delivery and learning outcomes. However, private schools who offer the local system have less autonomy academically. They are still subject to the strictures of the Malaysian national curriculum, in terms of language, content and examinations.

The fact that both the international and private schools operate in an intensely competitive market environment also means that the balance between the competing imperatives - academic versus commercial - can be quite challenging. Nevertheless, the reality that private schools have to be customer-oriented and ensure that they are responsive to the needs of parents and meet required educational expectations, means that they are held up to close scrutiny by their stakeholders.

It is this close attention to market demand, which distinguishes private schools from government schools. International and private schools must constantly monitor the quality

of its core agenda, namely the teaching and learning environment, in order to succeed. This is achieved by ensuring low student : teacher ratios, opportunities for teacher training and development, a balance between the academic and non-academic programmes to offer a 'holistic' educational experience, and a high standard of infrastructure and facilities.

The current regulatory regime provides sufficient autonomy for international and private schools to focus on these priorities in a manner they feel best fits

the needs of the respective demographic groups which they serve. However, it is understood that the MOE may in future, impose more controls on the operations and governance of the sector. This will have major repercussions for autonomy.¹⁰ The details of such proposals are as yet not available, although the MOE has already issued more restrictive barriers to market entry. One example: stipulating minimum school campus size and paid-up capital requirements, as highlighted earlier.

It is this close attention to market demand that distinguishes private schools from government schools. International and private schools must constantly monitor the quality of its core agenda, namely the teaching and learning environment, in order to succeed.

¹⁰This information was accurate at the time the paper was written in October 2015. No official announcements had been made at the time.

Conclusion

Declining confidence in the state of the Malaysian public education system warrants innovative approaches, which leverage on the success of the thriving private sector. At approximately four percent, current private sector enrolment in Malaysia is still relatively low. However, this figure is set to grow in the near future. Constructive attempts to bridge the public–private divide in the education sphere, while preserving the autonomy the sector currently enjoys, will have a positive impact.

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